As of 12 p.m. ET **DJIA** 10585.24 ▼ 0.37% **FTSE 100** 5593.85 ▼ 0.57% **Nikkei 225** 10751.98 ▲ 0.01% **Shanghai Comp.** 2976.94 ▼ 1.21% **Hang Seng** 21079.10 ▼ 0.62% **Sensex** 17164.99 ▼ 0.01% **S&P/ASX 200** 4784.09 ▼ 0.71%

Resurgent tourism within Asia is helping the region's economy
THE OUTLOOK 8

Time for Thailand to get serious about democracy
EDITORIAL & OPINION 11

Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Ind PPN), Japan: Yen500(Incl JCT), Korea: Won2,500, Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Srs180(Ind VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50
KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK MENPEN R.I. NO: 01/SK/MENPEN/SCJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 137 (India facsimile Vol. 1 No. 198) * * ASIA Tuesday, March 16, 2010

DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

Britain seeks Chinese cooperation on Iranian nuclear issue

British Foreign Secretary David Miliband listens to a speaker during a visit Monday to a peacekeeping-force training center in Langfang, Hebei province. Mr. Miliband, on a four-day visit to China, said he would use talks this week with Premier Wen Jiabao and Foreign Minister Yang Jiechi to discuss "how we address this real threat that the Iranian nuclear program poses to international security."

Dodd seeks new consumer agency

By Corey Boles And Michael R. Crittenden

WASHINGTON—Senate legislation aimed at overhauling regulation of the U.S. financial sector would create a new consumer agency that sits within the Federal Reserve and would implement limits on proprietary trading by large financial firms.

Details of the legislation were released by Senate Banking Committee Chairman Christopher Dodd (D., Conn.) on Monday. Despite months of talks, Mr. Dodd was unable to win the backing for his bill by Republican members of the banking panel, calling into doubt whether he will be successful in moving the legislation forward.

Reuters

This is the second time that Mr. Dodd has moved on his own to introduce a version of the regulation-rewrite legislation.

An initial attempt last fall was greeted with disappointment, and Mr. Dodd was forced to go back to the drawing board.

One of the most controversial aspects of the plan would see the creation of an entity within the Fed responsible for protecting consumers with credit cards and mortgages. The unit would be independent within the central bank and would have its own budget and rule-making authority.

That has angered Republicans who have argued that the Fed itself should retain responsibility for consumer protections, and the proposal doesn't go far enough for many Democrats, who wanted a completely new agency.

The bill would implement a form of the so-called Volcker Rule that would put in place restrictions on large banks trading their own books. They would also be limited from investing in or sponsoring hedge funds or private-equity funds.

But the bill would give discretion to regulators to enforce these restrictions on a case-by-case basis.

A newly created systemic-risk council would be responsible for preventing financial firms from becoming "too big to fail."

That panel would be headed by the Treasury secretary and would assume responsibility for regulation of large nonbank financial firms.

China keeps its spot as top holder of U.S. debt

By Tom Barkley

WASHINGTON—China continued selling U.S. Treasury securities in January, although it remained the largest foreign holder following revisions that showed it never actually lost the top spot to Japan.

Overall, foreigners were modest net buyers of long-term U.S. financial assets in January, according to the Treasury Department's monthly Treasury International Capital report, known as TIC.

China remained a net seller of Treasurys, with its holdings falling $5.8 billion to $889.0 billion in January, following net sales of more than $34 billion in December.

The heavy selling by China in December initially raised fears that the largest creditor nation to the U.S. might be starting to unload its U.S. assets. But major upward revisions to China's holdings in late February showed that China hadn't ceded its position as top Treasury holder to Japan, as initially thought.

China also continued the recent trend of shifting its Treasury holdings into longer-term notes, either selling or letting short-term bills mature, said David Ader, head of government-bond strategy at

Please turn to page 16

Protests in Thailand

Thai Prime Minister Abhisit Vejjajiva said he wouldn't give in to demands that he announce fresh elections.
Page 3

Beijing narrows deficit with shift in accounting

By Andrew Batson

BEIJING—China's finance ministry changed the accounting of some government spending in a way that enabled Beijing to announce a deficit below the symbolic level of 3% of gross domestic product for 2010, an examination of budget documents shows.

The finance ministry has pledged to keep annual budget deficits narrower than 3%, the same threshold countries in the euro zone are supposed to observe.

The accounting move raises questions about transparency, and highlights the Chinese government's desire to demonstrate strong public finances at a time when global markets are increasingly jittery about deficits and debts.

The change in accounting practices was disclosed briefly in the finance ministry's report to the legislature earlier this month.

The change simply shifts spending from one year to another, and doesn't mean the overall trend of China's government finances is worse than reported. China fared far better than other major economies during the global recession—a performance that has emboldened Beijing to be more critical of how other countries have managed their economies.

In a news conference Sunday, Premier Wen Jiabao said he wanted reassurance from the U.S. that it would meet obligations to buyers of its debt. Mr. Wen also blamed the U.S. for depreciating its currency and pressing China to allow its currency to appreciate just to boost U.S. exports.

In the report, the Ministry of Finance estimated the total budget deficit for 2010 at 2.8% of GDP, "basically the same as last year." A strict cash accounting of government expenditures, however, would widen the 2010 deficit to 3.5% of forecast GDP, and

Please turn to page 16

Why do we support science competitions?
Because we all win.
Intel sponsors international science fairs that put today's brightest young minds on the path to solving tomorrow's biggest challenges.
Learn more at intel.com/inside.
Sponsors of Tomorrow.
intel
©2010 Intel Corporation. Intel, the Intel logo, Intel Sponsors of Tomorrow™ and Intel Sponsors of Tomorrow logos are trademarks or registered trademarks of Intel Corporation or its subsidiaries in the United States and other countries.

PAGE TWO

What's News—

Reuters

David Beckham checked into a Finnish hospital Monday for surgery on his torn left Achilles' tendon, hoping for a 'swift and full recovery' from an injury that is expected to keep him out of the World Cup in June. Above, the AC Milan player arrives at Milan's airport for the flight to Finland.

* * *

Business & Finance

■ **Investors expect to put** more money into hedge funds than they will withdraw for the first time since 2007, a Deutsche Bank survey shows. **24**

■ **A bipartisan group** of 130 members of the U.S. House urged the Obama administration to wage a multifront fight against China's currency policy, calling for outright tariffs on imports. **5**

■ **Phillips-Van Heusen is buying** Tommy Hilfiger for roughly $3 billion from Apax Partners, adding to its stable of apparel labels. **17**

■ **Bank of America plans to seek** approval from China to expand its operations in the fast-growing country and is discussing the need to incorporate locally. **17**

■ **U.S. lawyers are jockeying** for pivotal roles in litigation against Toyota. **17**

■ **Hynix creditors have raised** $813.5 million by the sale of a roughly 6.7% stake in the South Korean chip maker. **20**

■ **Japanese car** and power companies have formed a group to market their electric vehicle-charging technology overseas. **19**

■ **Japan's government raised** its assessment of the economy for the first time in eight months, but emphasized the risk of prolonged deflation. **6**

■ **The Bank of Japan looks likely** to ease monetary policy slightly this week by making more cheap loans available to banks. **6**

■ **China attracted** $14.02 billion of foreign direct investment in the first two months of this year, up 4.9% from a year earlier. **16**

■ **U.S. stocks fell** as sliding commodities prices bit into the energy sector, and shares in China and Hong Kong eased on worries that Beijing might tighten monetary policy. **27**

■ **BYD of China will boost** capital spending 59% this year to expand the company's auto production. **19**

■ **UBS paid** more than $94.3 million in salaries and bonuses for its top executives last year, roughly 10 times the amount in 2008. **24**

■ **Abu Dhabi** Investment Authority, in its first annual review, reported annualized return of 6.5% a year over the last 20 years. **25**

■ **The four large triple-A-rated** countries—the U.K., U.S., France and Germany—face 'an increasingly delicate balancing act' as they consider spending cuts to reduce debt, Moody's said. **25**

■ **AIG plans to hold back** $21 million in bonus payments to former employees, a move that could set the stage for more battles over employment agreements. **18**

* * *

World-Wide

■ **Two Thai soldiers** were injured when grenades were thrown into a Bangkok army base, raising concern that mass street protests demanding new elections—which Abhisit refuses to call—might lead to a violent confrontation. **3**

■ **Dissidents opposed** to Myanmar's harsh military regime plan to challenge the government in elections, advocating change from within the system. **4**

■ **India's cabinet approved** a proposal to allow foreign universities to establish branches in the country, potentially opening a huge market to international educational institutions. **8**

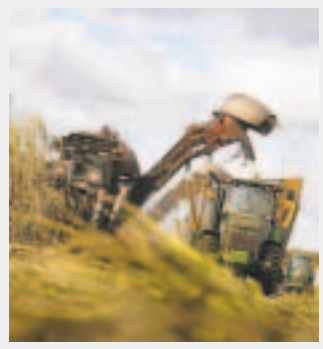
■ **Pakistan's president will ask** parliament this week to take the power to reject Supreme Court appointments out of the hands of the chief justice. **9**

■ **Chinese authorities are closing** a lead ingot factory in the country's southwest after 94 people, including 88 children, in nearby villages were found to have lead poisoning.

Inside

On Other Fronts: Microsoft employees hide their iPhones. **10**

In Depth: Shipping bottlenecks threaten export revival. **14**



Markets: Import quotas keep sugar prices high in U.S. **23**

Heard on the Street: Toyota's brand resists battering. **32**

ONLINE TODAY

Most read in Asia

1. Questions Arise in Prius Case
2. Microsoft Workers Hide Their iPhones
3. Google Likely to Close China Search
4. China Talks Tough to U.S.
5. Wen Defends Rate Policy

Most emailed in Asia

1. Google Likely to Close China Search
2. Microsoft Workers Hide Their iPhones
3. Taiwan Charity's Global Reach
4. China Talks Tough to U.S.
5. Best Bet for a Post-Graduation Job: Engineering

The Juggle

blogs.wsj.com/juggle

Readers want to know: How much of our parenting styles do you think are influenced by our own parents?

Continuing coverage

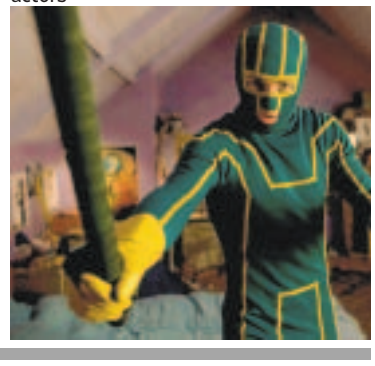
Follow the latest news from the elections in Iraq at wsj.com/Mideast

WSJ Technology

blogs.wsj.com/Speakeasy

Our superheroes are "all primary colors and filled with idealism."

Comic book writer Mark Millar on adapting the "Kick-Ass" comic book superhero into a film with human actors



THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

WORLD NEWS

Thai soldiers hurt during protests

By James Hookway

BANGKOK—Two Thai army soldiers were injured when four grenades exploded in a Bangkok army base Monday, in an ominous sign that this week's massive street protests pitting supporters of ousted leader Thaksin Shinawatra against Thailand's army-backed government might escalate into a violent confrontation.

Prime Minister Abhisit Vejjajiva said in a televised address that he wouldn't give in to the protesters' demands that he announce fresh elections by midday Monday, but said he would take account of their grievances where possible.

"Our goal is not to remain entrenched in government. Like all Thais, we'd like to see the country move forward," Mr. Abhisit said. "The government must listen to the demonstrators. Although the demand [for elections] can't be met by noon, we are willing to hear what they say."

The protesters, meanwhile, said they planned to draw a thousand liters of blood from the 100,000 or so people who have joined the protest—about two teaspoons each—to lob at government buildings, in an apparent show of commitment to their cause.

Nattawut Saikeua, one the demonstrators' leaders, said at the principal rally site in Bangkok's old town that their first target would be the main government complex. If the administration doesn't step down and call fresh elections, they will throw blood at the headquarters of the main government party and then at the home of the prime minister, Mr. Nattawut said, adding that the blood represented "the body and democratic soul" of the protesters.

Blood already was spilled for the first time earlier in the day. Army assistant spokeswoman Col. Siriya Kuengsirikul said four grenades were fired from an M-79 grenade launcher into the command center of the army's 1st infantry regiment.

Mr. Abhisit was bunkered nearby in the army's 11th Infantry Regiment compound with army leaders and top cabinet officials.

She said it wasn't immediately apparent who fired the grenades, but army officials previously have said they have intelligence indicating some unnamed groups might try to provoke a bloody standoff between protesters and security forces.

One of the soldiers was injured in the abdomen, another suffered an arm wound. Both have been hospitalized, and Col. Siriya said both were in stable condition.

It wasn't immediately apparent who fired the grenades into the base.

Jatuporn Prompan, another of the primary protest leaders, told local media the demonstrators had nothing to with the attack, saying Thai authorities might have staged it to justify providing more powers to the military. Political analysts, however, say the opposition protesters are loosely organized and that they may find it increasingly difficult to maintain discipline as the protests continue.

Police detained a suspect for questioning in connection with the incident but later released him.

Some 100,000 protesters began gathering in Bangkok on Friday to press their demand that Mr. Abhisit call elections. They accuse the army and Thailand's bureaucratic elites of engineering the collapse of a pro-Thaksin government in late 2008, enabling Mr. Abhisit, an Oxford-educated economist, to form a new government.

The collapse of that previous government added to a sense of resentment felt by many Thais since a military coup forced the ouster in 2006 of Mr. Thaksin, a populist telecommunications billionaire. Last month, Thailand's Supreme Court ruled Mr. Thaksin—who is living overseas to evade imprisonment on a corruption conviction—abused his power to benefit his business interests, and ordered the confiscation of $1.4 billion of his family's assets that have been frozen in Thai bank accounts since the 2006 coup.

That ruling galvanized his red-shirt supporters, named for their symbolic clothing, leading to this week's action in Bangkok. Many protesters traveled from the vote-rich north and northeast of the country, where Mr. Thaksin and his policies, such as cheap health care and easier access to credit, remain popular.

About 50,000 security officials have been deployed to keep order in Bangkok and to prevent a repeat of similar protests in April 2009 that descended into widespread rioting that killed two people. Government officials worry that a reprise of last year's violence could badly undermine Thailand's tourism industry and ignite fears about the country's stability among foreign investors at a time when its economy is beginning to show signs of recovering from the global slump.

Apart from Monday's grenade incident, the rally has been peaceful.

"I had to come out to see this. It's our turn to make our voice heard," said Somsak Huadpradit, a hardware-store owner who said he traveled from Surin province in eastern Thailand to join the protests.

but more about the future.

Fact: the Gulf's largest and longest established financial centre is in Bahrain. Over forty years the Central Bank has built a reputation as a world-class regulator. But what of the future? It's impossible to build upwards without solid foundations. As the record shows, ours are built on rock, not sand. To find out more, visit bahrain.com

business friendly BAHRAIN

Agence France-Presse/Getty Images

Residents of Yangon, Myanmar, stopping last week to read newspapers giving details of new polling laws, although the military regime hasn't yet set a date for the election, the nation's first since 1990.

New movement eyes Myanmar race

The Third Force, a loosely connected field of candidates, wants to forge a new path to change—from the inside

By A WSJ Staff Reporter

YANGON—A number of dissidents opposed to Myanmar's harsh military regime plan to challenge the government in elections expected this year, even as new rules force many of the country's best-known activists to sit on the sidelines.

These dissidents, informally called the Third Force, are seeking to bridge the gap between Myanmar's two main political factions: the military, which has turned Myanmar into a police state since taking over in 1962, and the National League for Democracy, the severely weakened opposition movement led by Nobel laureate Aung San Suu Kyi, who remains under house arrest.

The movement is made up of younger activists who believe it is possible to reform Myanmar from within its existing political system, and some veteran dissidents, including some whose families held government posts before the takeover.

The opposition NLD won Myanmar's last elections in 1990, but the junta ignored the result and imprisoned many senior leaders, including Ms. Suu Kyi. NLD officials now are debating whether to boycott the next election—whose date hasn't been announced—because they doubt the vote will be fair.

Many residents are hoping more viable candidates will jump into the race. It is too early to know how many candidates are set to participate. The regime only just last week approved eligibility rules so parties could begin registering. But at least a half-dozen non-NLD dissidents, who might be considered Third Force candidates, have signaled intentions to run so far, according to the candidates and exile news outlets in India and Thailand, including Irrawaddy magazine and Mizzima news agency.

They include the daughter of a former prime minister and several other longtime Yangon activists, including Cho Cho Kyaw Nyein, a 62-year-old dissident who ran unsuccessfully in the 1990 elections. Although Ms. Kyaw Nyein's organization is known as the Democratic Party, she says she and her supporters are one of the groups given the Third Force label.

"Some people call us that," says Ms. Kyaw Nyein, whose father was once deputy prime minister, in an interview with The Wall Street Journal. "We are not with the NLD, we are not with the government. We are in the middle."

Speaking publicly about politics is unusual in Myanmar, where activists are often subject to prison sentences and torture, according to international human-rights groups. Ms. Kyaw Nyein says that while she has "scars" from years of harassment, including a three-year prison term in the 1990s, she is speaking out now because she believes the country can make some headway if people embrace the election.

"A lot of people have come to understand that there is no point fighting with the present regime," she said. "If there is an election and we declare we don't want to take part, [the military] will continue with their plans" and rule uncontested.

Diplomatic staff from the U.K. and other European countries met recently with several of the new candidates, and say they could represent "an important part of the transition to democracy" in Myanmar, one Western diplomat said.

Still, the impact of the Third Force is yet to be determined, and it is unclear how popular those candidates ultimately will prove to be.

"It isn't obvious to me that these Third Force politicians have constituencies," another diplomat added.

The "Third Force" label is used by locals to describe a variety of activists and organizations, including some with potentially competing ideologies and civil society groups. It is difficult to pin down precise political agendas. What's more, many Third Force activists are unwilling to speak publicly out of fear of persecution. Gatherings of more than five people in Myanmar are technically illegal.

But backers of the movement appear to share one common belief. Unlike Ms. Suu Kyi, who is widely perceived as taking a hard line against compromising with Myanmar's military, they generally believe there is significant room to negotiate with the regime in pursuit of gradual change, according to interviews with activists and others familiar with the country's political landscape.

Among the ideas some are pursuing: Liberalization of the rice trade in Myanmar, once the world's largest rice exporters before hit with years of stagnation due to weak investment and government restrictions. Some of the activists think they can convince Myanmar's next government to allow a bigger role for private traders and investors, which could energize the sector and boost rural incomes.

Third Force adherents also point to other Asian countries, such as South Korea and Indonesia, that endured military or one-party dominance for years, but evolved into multiparty democracies. The Third Force adherents note that as many as 75% of the seats in Myanmar's new parliament will be filled by civilians, and that it is worth trying to grab some of them.

Ms. Kyaw Nyein has been allowed to discuss her candidacy openly—it remains unclear as to why—but says she has had to confine political meetings to small groups, or informal gatherings. Many dissidents hope the government will allow larger meetings once the election gears up.

As for the vote itself, she says, "I can only hope it will be fair."

The government is planning the election as part of a "road map to democracy" to bolster its standing internally and internationally. But critics, including many NLD members, say the regime has no intention of loosening its grip. These dissidents see the entire election process as invalid, and fear that participation is playing into the hands of the regime. To them, the very emergence of these new candidates is deeply upsetting. A boycott, they say, would force the regime—regarded as one of the most oppressive in the world—to come to the negotiating table if it wants its election to be recognized by the outside world.

Efforts to reach the government of Myanmar, also known as Burma, were unsuccessful.

It may be hard, if not impossible, for any opposition group to be effective amid Myanmar's restrictions on speech and other liberties. Still, the movement has captured the attention of many Myanmar experts around the world, including some who believe the only way forward is for a new opposition—with less baggage from years of fighting with the regime—to emerge.

The election "is a fraud, but at the same time I think it is likely to lead to something," says Donald Seekins, a Myanmar scholar at Meio University in Okinawa, Japan. "It's not the intention of the generals necessarily to make it more pluralistic, but I think that is going to be the effect."

Skepticism, however, deepened last week when the regime released new election rules that bar the participation of political prisoners, including Ms. Suu Kyi and other NLD members. The rules also require parties to register within 60 days and be approved by an election commission—something NLD has yet to do.

"Yes, there are some non-NLD people who are preparing to register their parties, but I hope they change their mind," says Aung Din, executive director of the U.S. Campaign for Burma, a Washington group. "They will have no chance to survive in this sham election. This election should be boycotted."

Ms. Kyaw Nyein would disagree. She says she and several family members, including her parents, her husband and two brothers, have served time in prison.

"I have been bullied and harassed" for years, she says in her interview. "Why do we continue this fight? We've got to negotiate with the army for the sake of the people and the country."

WORLD NEWS: CHINA

中国实时报
CHINAREALTIMEREPORT

*The Wall Street Journal's China Real Time Report (http://blogs.wsj.com/chinarealtime) this week looked at coverage of **Google** in Chinese media, China's top Daoist and how Wen Jiabao stays healthy. Excerpts:*

Complex Google Issue

Chinese authorities have been explicit and unwavering in their disapproval of Google's threat to disobey their censorship regulations on its Chinese search site, Google.cn. The company will have to "bear the consequences" for making such an "irresponsible" move, the Minister of Industry and Information Technology said last week.

Behind the scenes, however, there are signs that officials realize that their view on Google may not be superpopular. The Communist Party's Propaganda Department issued requests to media outlets on Friday to halt their coverage of the possible closure of Google's Chinese Web site, says a Chinese journalist familiar with the situation. Chinese news Web sites have also been told they will be required to use only official accounts of the situation if Google.cn is closed, another individual with knowledge of that order said.

It isn't uncommon for propaganda authorities in China to give orders dictating the nature of news coverage on sensitive issues where they fear dissent. The fact that authorities have decided that Google's situation should get that treatment suggests they know that many Chinese Internet users, tens of millions of whom are Google users, don't see things the same way the government does.

On Monday, coverage of Google in the Chinese media was scarce. One of the few items that ran was a commentary by the state-run Xinhua news agency that sharply criticized Google's actions. "We welcome Google to stay if it wants, but it has to abide by Chinese law. There is no space to bargain on this issue," the commentary said. "One thing is certain: the earth will not stop spinning because Google leaves. Chinese Internet users will continue to go online."

Indeed, there are Chinese users who feel Google has been too uncompromising, and some actually approve of the sorts of limits the government sets on Internet expression, which they see as a way to cleanse it of pornography and violence. Even Google users, who tend to be young, urban professionals, are unlikely to take to the streets en masse if Google.cn is shut.

But Internet censorship is a hot-button issue for an increasing number of Internet users in China, and interviews and online polls suggest that most Google users in China—even those who support Google's decision on principle—don't wish to see the company leave.

The company is widely perceived in China for having more innovative products, having better English-language search results, and for being less zealous in filtering its results than Chinese competitors. When it first announced on Jan. 12 that it might leave, supporters brought flowers to its offices in Beijing, Shanghai and Guangzhou.

—Loretta Chao and Sue Feng

Daoist at the congress

Sometimes, the Way takes you to the strangest places.

For China's top Daoist, Ren Farong, it means a seat on the Chinese People's Political Consultative Congress, a national body that advises the government on how to run the country.

For Ren, the annual meeting is a chance to tout one of Daoism's hottest topics: environmental protection. The 74-year-old's home temple is Louguantai, in Shaanxi province, where Daoism's spiritual founder, Laozi, dictated the religion's main text, the Tao Te Ching (also romanized as Daodejing) before ascending to immortality. Three years ago, Ren organized a conference at Louguantai on ecology and Daoism and the topic is now at the center of international attention with a conference on the topic scheduled for June at Loyola Marymount University in Los Angeles.

Ren said the link is clear.

Agence France-Presse/Getty Images

Chinese Premier Wen Jiabao

Daoism, which is China's only indigenous religion, is based on the Dao (or Tao), the way that underlies all in nature. A key concept is balance or harmony.

Concern for the environment led Ren to file a motion for the conference to urge the government to treat more seriously a drought in the country's southwest. He said the that cause of the drought is environmental misuse and that he wants to encourage the government to be a better steward of the environment.

—Ian Johnson

How Wen stays healthy

It wasn't all politics and economy at Sunday's annual press conference with Chinese Premier Wen Jiabao.

At the end of a multipart question on relations between Hong Kong and mainland China, a reporter from Hong Kong's Sing Tao Daily inquired about Wen's personal well-being.

Wen replied with a touch of humor. "As far as my health is concerned, everyone can see that I still have lots of energy," he said, drawing smiles from the assembled press corps.

The 67-year-old Wen emphasized the role of regular physical activity in keeping him strong.

"Even though I'm a person who basically doesn't have holidays, I still like to exercise, whether it's taking a walk or going for a swim. It helps me to relax so that I can maintain my vigorous energy to deal with the weighty work," he said.

—Sky Canaves

U.S. congressmen tell Obama to fight China on currency

By Tom Barkley

WASHINGTON—A bipartisan group of 130 members of the U.S. House of Representatives urged the Obama administration to wage a multifront fight against China's currency policy Monday, calling for outright tariffs on imports if other measures fail to convince the increasingly defiant Chinese government to budge on the issue.

The letter urges Treasury Secretary Geithner to slap the manipulator label on China in next month's semi-annual currency report.

In a letter sent to Treasury Secretary Timothy Geithner and Commerce Secretary Gary Locke, the lawmakers urged the agencies to use "all available resources" to seek an end to what they see as currency manipulation by China to promote exports through an undervalued exchange rate.

Both Democratic and Republican lawmakers have been urging action against China's currency for years. But the issue has moved to the fore of already testy relations between the two countries, as President Barack Obama's call last week for the country to move toward a more market-based currency was met with loud resistance from top Chinese officials.

Premier Wen Jiabao warned against "finger-pointing" over currencies over the weekend, saying the yuan isn't undervalued.

The letter urged Mr. Geithner to slap the manipulator label on China in next month's semiannual currency report, something he has so far resisted doing formally after announcing shortly after Mr. Obama took office that the president believes the yuan is being manipulated.

The letter said Mr. Locke should start making currency manipulation a trigger for the Commerce Department to impose countervailing duties on imports.

Those actions should be done as part of a comprehensive effort, the lawmakers said, urging a diplomatic push with not just China, but also with other countries and the International Monetary Fund.

"If these efforts are not successful, we ask the administration to consider all the tools at its disposal, including the application of a tariff on Chinese imports, to respond to China's currency manipulation," the letter said.

"The economic impact of the (yuan) undervaluation on American businesses and workers is too great for the administration not to pursue a comprehensive effort."

THE internet Show

21 – 22 April 2010
SUNTEC Singapore International Convention & Exhibition Centre

Asia's only internet business event

FREE Registration @ The Internet Show

50 seminars running over the **2 days** of the show, demonstrating worlds best practice through case studies and panel sessions. There are three seminar theatres themed around the following:

5 shows in 1

- **Digital** advertising and marketing
- **Social networking** and Web 2.0
- **E-commerce** and payments
- **Content** management and streaming
- **Mobile internet**, hosting and infrastructure

Pre-register for your 50 FREE seminars on www.internetshow.com.sg today!

Registration closes on 14 April 2010

SGD100 only SME Internet Summit 2010

SME Internet Summit 2010 is a 2 half-day summit which is dedicated to help Small and Medium Enterprises realise the full potential of harnessing the Internet to drive business through increasing sales and revenue. There will be in-depth panels discussion and cases studies by the industry leaders.

For registration or enquiry

Please contact Ya Ling at +65 6322 2771 or email yaling.ng@terrapinn.com.

For sponsorship and exhibition opportunities

Please contact Stanley Foo at +65 6322 2313 or email stanley.foo@terrapinn.com

Networking bar sponsor: ipmirror
Refreshment break sponsor: inSing.com
Welcome bag sponsor: webvisions
Innovation sponsor: SingTel
Silver sponsors: PayPal, SITE INTELLIGENCE
Associate sponsor: doricsolutions
Official business newspaper: The Wall Street Journal Asia
Online media partner: PurpleClick
Supported by: Singapore Exhibition & Convention Bureau
Held in: Uniquely Singapore visitsingapore.com
Organised by: terrapinn use your brain

Visit www.internetshow.com.sg for more details

Tokyo raises view of Japan economy

Growth assessment is first upgrade in eight months, but government says risk remains for prolonged deflation

By Tomoyuki Tachikawa

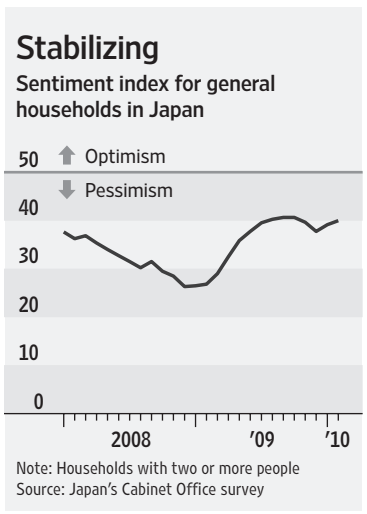
TOKYO—Japan's government raised its assessment of the economy for the first time in eight months in March, but emphasized that the risk of prolonged deflation choking off the nation's nascent recovery still lingers.

"The economy has been picking up steadily," although it "remains in a difficult situation," the Cabinet Office's monthly economic report released Monday showed.

Adding the word "steadily" to describe the current expansion of the overall economy, the government offered a more upbeat view in March than in February. The upward revision was mainly due to improvements in domestic demand as well as in exports over recent months.

But the first upgrade since the Democratic Party of Japan-led government took power in September doesn't mean Tokyo has let its guard down against the possibility of price declines hurting the economy. The report said the administration and the Bank of Japan will work together to beat deflation through "aggressive and comprehensive" measures, suggesting government officials will keep putting pressure on the central bank.

Expectations are growing that the BOJ will adopt additional monetary easing steps at its two-day policy-board meeting ending Wednesday, but the central bank may be forced to take more action in the coming months, as Finance Minister Naoto Kan has recently called on the bank to do more, expressing his hope that consumer prices will turn positive by the end of this year.



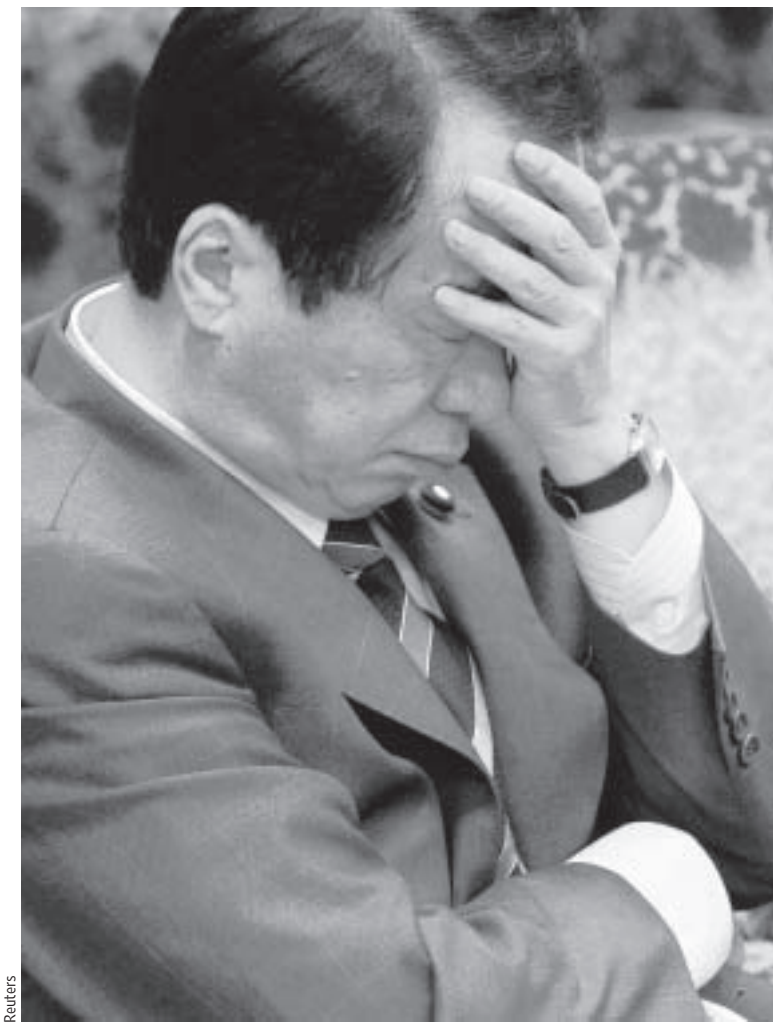
Japan's economic "outlook is growing a little brighter," Mr. Kan said at a news conference after the release of the economic report, citing rebounding industrial output, signs of business investment bottoming out, and firming stock markets, among other reasons.

"I feel that concern over a double-dip recession is beginning to dissipate," he added.

In the March report, the government raised five components of the economy: consumption, capital spending, corporate profits, housing construction, and employment.

Consumer spending is "picking up," while business investment "is starting to level off," the report said, adding that the job market appears to be recovering as company earnings improve.

Other data added to hopes that domestic demand could improve. The Cabinet Office's consumer-sentiment survey index, which measures confidence in the economy for the next six months, rose to 39.8 in February from 39.0 in January—the second straight monthly climb.


Reuters
Finance Minister Naoto Kan attends upper house budget meeting on Monday.

But continued price falls pose a significant threat to this state of affairs. The nationwide core consumer-price index, which excludes volatile fresh-food prices, fell for the 11th straight month in January, down 1.3% from a year earlier. Deflation weighs on private demand by making consumers hold off on spending in the hope of even cheaper prices, and by increasing companies' real debt burdens, forcing them to focus on paying off loans rather than on making new investments.

"There are no signs yet that the Japanese economy is in a virtuous circle where growth in production and improvement in corporate profits help boost capital outlays and consumer spending" as prices continue falling, said Keisuke Tsumura, a Cabinet Office parliamentary secretary. "We need to pay close attention to the risk that deflation will drag down the economy."

Mr. Kan didn't say what the government wants the central bank to do to prevent price drops, but said its expectations "have been fully conveyed" to the BOJ through recent parliamentary debates and other channels.

"The central bank should communicate well with the government and work with it as one toward the goal of overcoming deflation, and this stance has been held not only by the government but also by the BOJ," Mr. Kan said. "My understanding is that the BOJ will stick to that stance from now on."

To provide more money, the BOJ has started to lend 10 trillion yen ($110.53 billion) of three-month funds to banks at a 0.1% fixed rate against collateral such as government bonds, under a new operation introduced in December. The BOJ is expected to increase the level to 20 trillion yen this week.

—Takashi Nakamichi and Miho Nakauchi contributed to this article.

BOJ looks set to add funds to loan facility

By Tomoyuki Tachikawa

TOKYO—The Bank of Japan looks highly likely to ease monetary policy slightly this week by making more cheap loans available to banks, showing the government it is doing its part to try to put an end to entrenched deflation that has long been a drain on private demand.

All 10 economists surveyed by Dow Jones Newswires predicted that, at its two-day policy-board meeting ending Wednesday, the BOJ would add more funds to its 10 trillion yen ($110.53 billion) facility that lends money to banks at a rock-bottom 0.1% rate. Most analysts expect 10 trillion yen to be added to the facility, launched in December to try to ease monetary conditions.

The move would come amid growing political pressure on the BOJ to do more to live up to its pledge to defeat deflation. While brighter economic signs having been coming out of Japan, with real gross domestic product growing at a 3.8% annualized pace in the final quarter of 2009, prices have continued to fall.

Deflation has been hitting the world's second-largest economy for much of the past decade, weighing on corporate earnings, and increasing the real debt burdens of companies and individuals.

Japan's central bank has responded recently by keeping its policy interest rate at 0.1% while making loans available to banks at that rate. But it also has said there is a limit to how much monetary policy alone can lift prices when structural problems, such as an aging population reluctant to spend, are a major cause of the deflation. By easing slightly this week, the BOJ may be trying to get the government off its back and move in line with market expectations, while avoiding more-radical easing steps, such as increasing outright bond purchases that it fears could destabilize the economy and financial markets.

Reuters
People walk by the Bank of Japan, where a policy meeting opens Tuesday.

If the BOJ puts more money into its lending facility, "it can at least alleviate government pressure," said Takeshi Minami, chief economist at Norinchukin Research Institute.

The lending facility has been a success so far, with banks snapping up the cheap loans. All 10 trillion yen was lent out as of March 5, and the BOJ is now rolling over some of the first three-month loans. The facility helped pull down short-term interest rates, and may have also been a factor behind the yen's slight weakening in recent months. The yield on three-month T-bills has dropped to 0.110% from 0.150% at the end of November, while the six-month yield has declined to 0.120% from 0.165%. The dollar has risen to 90.60 yen from a 14-year low of 84.82 yen on Nov. 27.

But some analysts say the central bank might need to ease more aggressively, if not at this week's meeting then at some point in the next few months, because keeping the status quo likely won't do much to reverse deflation, and continued falling prices could again start weighing on business confidence and share prices.

"The time will come soon when the BOJ needs to take more aggressive action to ease market concerns," said RBS economist Junko Nishioka.

She and others think the BOJ ought to extend the duration of loans provided through the new operation to six months or one year from the current three months. That could bring down long-term interest rates, helping to raise inflation expectations and share prices, and push down the yen, benefiting exports, analysts say.

"The BOJ will [extend the loan duration] if it cares about the market developments and really wants to fight deflation," Norinchukin's Mr. Minami said.

Four of the 10 analysts surveyed expect the central bank on Wednesday to also decide to make the 0.1% loans available to banks for a longer time by offering six-month loans.

But a person familiar with the BOJ's thinking said some central bankers aren't sure whether taking further easing steps, such as lengthening the loan duration, is worth it considering the trouble it could cause for money markets.

He said when the BOJ implemented quantitative easing for five years starting March 2001, the short-term money market ceased to work at all and took awhile to start functioning normally again.

The bank might start discussing the necessity of extending the loan period only if the BOJ's next quarterly *tankan* survey of corporate sentiment due out April 1 is weak, or if global financial markets become unstable and cause a sharp yen rise, the person said.

TANK FRANÇAISE
CARTIER
SWISS MADE
SINCE 1917
TANK
DE
Cartier
cartier.com

Asia's tourists hit the beaches, warming economies

[THE OUTLOOK]

By Alex Frangos

SIEM REAP, Cambodia—Resurgent tourism within Asia is helping to drive economic recoveries, and demonstrating the growing power of regional consumers.

Just ask Kwong Meng Geip, a purveyor of a medicinal mushroom spirit a few kilometers the ancient temples of Angkor Wat. South Koreans who arrive on tour buses are the biggest buyers of the unique brew he makes in clay barrels. And the Koreans are flowing back after a slow 2009.

"My business is better than before," says Mr. Kwong, as he presides over displays of the yellow-tinged liquor at the Angkor Rice Wine Workshop, a distillery and souvenir shop he owns. "It releases the hurt," he says of the liquor.

Mr. Kwong attributes the medicinal benefits to the special, nearly 70-kilogram *soo krom* mushrooms used to make the mild-tasting liquor, which sells for $25 a bottle.

What's happening at Mr. Kwong's shop is playing out across the region. Unlike the U.S. and Europe, where unemployment remains high and consumers are cautious, Asia's unemployment rates are falling. That has given Asians the confidence to travel, some for the first time.

Tourism generally accounts for a relatively small share of economic output. But it signals an important willingness among consumers to spend.

Consumption spending more broadly has been driving growth across Asia. Government stimulus spending and subsidies for consumers to buy big-ticket items such as cars and appliances have helped economies expand at healthy rates. Chinese consumers bought more cars than Americans last year, for instance.

But the shift into travel spending, seen as a big-ticket discretionary item, is a sign perhaps of the next stage of the recovery.

Unlike government-encouraged car purchases, "personal travel is a real indicator of consumer spending, in the sense that there are no subsidies involved," says Yuwa Hedrick-Wong, chief economist for MasterCard Worldwide, based in Singapore.

He says Asian consumers, not burdened by debt as were many in the West, socked away money during the downturn and are now spending some of those savings on travel.

Like auto purchases, tourism is a spending multiplier that puts money in the hands of a diverse set of actors in the economy, from airline pilots to taxi drivers and chambermaids. "It's a very good industry as a growth stimulus for the destination countries," says Mr. Hedrick-Wong.

The rise in intra-Asia tourism may help achieve a long-term goal sought by many policy makers around the world: a rebalancing of the global economy in which consumer spending becomes a bigger driver of Asia's growth.

To be sure, Asia's export-dependent economies still need American and European demand for their goods. And that goes for tourism. High-spending Americans and Germans are a critical source of demand in places such as Thailand and Indonesia. But more intra-Asian travel helps to ameliorate the sluggish travel recovery among Western consumers as they pay off home loans and credit-card bills.

An important source of tourism revenue for the rest of the region is China. During the Lunar New Year holiday in February, a popular time for travel in the Chinese world, the number of mainland Chinese who went abroad increased nearly 21% from the year before to 2.4 million, according to government statistics.

Zu Hui, 28 years old, a worker at an oil-trading company in Beijing, recently took her honeymoon trip to the beach island of Phuket, Thailand. It was her first exploration outside China, and she called it "a great trip" filled with romance and water sports.

She says going abroad can be cheaper than traveling within China, and it allows her to avoid the crowds at home during peak holiday periods. She's now planning a trip to Dubai.

In Malaysia, tourist arrivals have "not been disrupted because most of them come from Asia and the Middle East and from the emerging world," says central bank governor Zeti Akhtar Aziz.

Malaysia bucked the global downtrend in travel and managed to attract 22 million tourists in 2009, a 7% increase from the year before. Tourism spending helped boost fourth-quarter growth to 4.5%. More than a million tourists came from China for the first time. India sent nearly 590,000 tourists to Malaysia.

Overall, Southeast Asia saw a 2% increase in international visitors in 2009, according to the Pacific Asia Travel Association. Global international travel fell 4%, says the United Nations World Travel Organization, led by Europe and North America, both down 6%.

The return of tourism activity is especially important to parts of Asia where the leisure travel industry is a key component of growth.

Tourism expenditures made up 13.6% of GDP in Cambodia in 2008, 9.5% in Malaysia, and 8.4% in Thailand, according to the World Travel Organization. Taiwan credited its stronger-than-expected growth to a surge in tourism after rules were relaxed on visitors from mainland China.

In the dusty colonial town of Siem Reap, visitors from South Korea, China and Taiwan have begun to stream in again after a sharp downturn in 2009. The number of Korean tourists venturing to Cambodia dropped 26% in 2009, as Korea's currency lost almost a third of its value during the financial crisis.

By December, however, Korean arrivals to Cambodia bounced back 21% compared to 2008 lows. Visitors from China and Taiwan also rebounded sharply in December, up 14% and 34% respectively, according to Cambodia's Ministry of Tourism. Tour guides, motor-taxi drivers and folks like Mr. Kwong, the winemaker, are starting to get busy again.

"More and more people are coming," says Lee KyungMi, owner of Damnak Spa, a small hotel and spa in Siem Reap that caters to Korean visitors. The native of Seoul cautions that business is still not where it was two years ago, when a quarter-million Koreans visited Cambodia, many to see Angkor Wat and other nearby Buddhist temples.

The main drag in Siem Reap is lined with Korean-owned hotels and Korean barbecue restaurants. And three new golf courses are also a magnet.

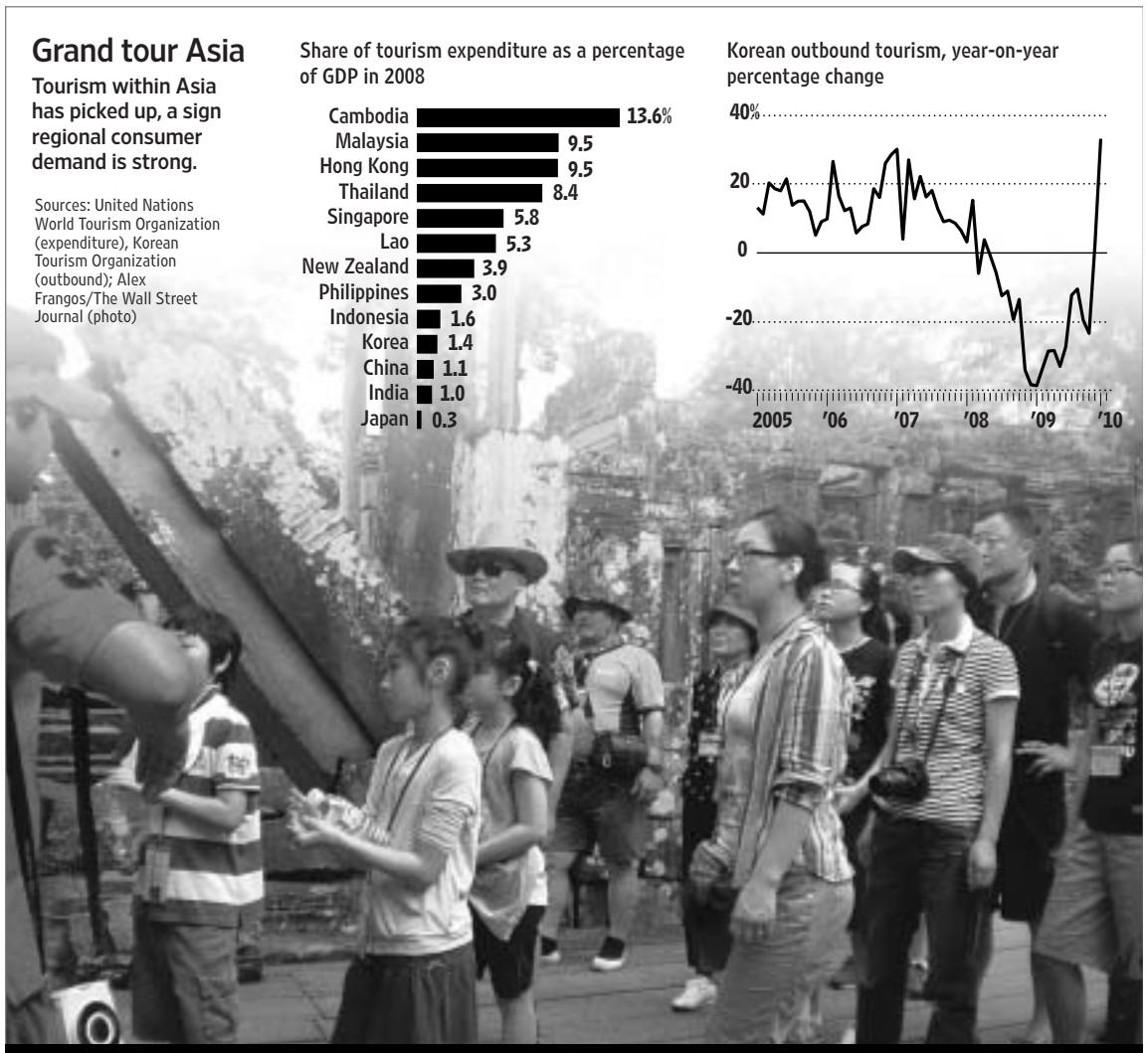
"Korean golfers are our major market," says Adam Robertson, manager of the Angkor Golf resort. They make up 70% of his customers. "When the Korean won devalued, that was hard to take." January and the first half of February, he says, were "very good."

High-end hotel operators in the area say they have seen a pickup in travelers from the U.S. and Europe, but they are aiming their biggest growth at Asian travelers.

"The last two months a lot more Koreans are coming," says Emmett McHenry, general manager at the Sokha Angkor Resort in Siem Reap. He has offered special deals to Chinese and Korean travel agencies and figures one-quarter of his visitors are from the two countries.

The rebound in travel spending points to a possible sweet spot in Asian growth. A modest demand recovery in the U.S. and Europe, combined with a confident Asian consumer, could be enough to keep Asia's economies humming for awhile.

—Juliet Ye contributed to this article.



South Koreans led on a tour of an ancient Buddhist temple in Cambodia.

India cabinet approves foreign-school plan

By Arlene Chang

India's cabinet approved a proposal on Monday to allow foreign universities to set up branches here, potentially opening a huge market to international educational institutions.

The cabinet plans to introduce the Foreign Education Providers (Regulatory) Bill in parliament next month. The bill would then have to be passed by parliament before becoming law.

"This is a milestone which will enhance choices, increase competition and benchmark quality in education," said Minister of Human Resources and Development Minister Kapil Sibal, who handles education.

A similar bill introduced earlier was blocked by the government's former leftist coalition partner, the Communist Party of India (Marxist). The chances for the bill becoming law this time are greater because the left is no longer a part of the ruling coalition.

About 160,000 students a year leave India to study abroad, according to the National Knowledge Commission, an advisory group to the prime minister. More than 100 foreign educational institutions offer programs in India, but most are vocational or technical and run for only a few weeks or months.

Universities around the world have been trying for years to find ways to expand into India's untapped education market. Analysts say the bill could help accelerate India's economic growth, which has been powered in part by its best-educated programmers, engineers and managers.

"This would give stimulus to quality education and the knowledge economy," says Anwarul Hoda, the chair professor of trade policy at the Indian Council for Research on International Economic Relations, a New Delhi think tank.

According to the bill, foreign colleges and universities will be granted "deemed" university status, which will enable them to also offer degree courses in India.

Duke University's Fuqua School of Business—which has a tie-up with the Indian Institute of Management, Ahmedabad, for a corporate program—plans to expand its reach in India. Any relaxing of restrictions that prevent foreign institutions from running full-fledged graduate-degree programs in the country, will aid that process, says Jaivir Singh, adviser to Duke University in India. "There is a huge base of students from India who travel abroad and also a large number that are interested in coming to India. We are trying to gain access to all those students."

Democrats make final pitch to moderates on health bill

[Capital Journal]

By Gerald F. Seib

Imagine you're a moderate Democrat in the House, and you're wavering on health care. Boy, are you in for some heat.

All that rides on your climactic vote on the big health bill this week is the shape of health care in the U.S., your political future and, quite possibly, the fate of the Obama presidency. So you're about to hear a lot of impassioned arguments about which way you should go.

The arguments for voting no on final passage of the health overhaul are pretty obvious. Republicans are pounding away in opposition, to great effect. A compilation of the latest health-care polling data on the Web site Realclearpolitics.com shows Americans opposing it by an average of 48.9% to 41.3%. The drift against the legislation has come mostly from the kind of centrist, independent voters that you, as a moderate Democrat, depend on for your political life.

The safe path for a moderate Democrat would appear to be to simply lower his or her head and vote no.

So what arguments can Democratic leaders muster to push back? Conversations with several key Democrats suggest a handful of the closing arguments they will make, some about policy and some about politics. The safe path for a moderate Democrat would appear to be to simply lower his or her head and vote no. So these counter-arguments are tougher, and their impact is the key to the outcome.

First, a quick look at why you, as a moderate House Democrat, are pivotal. The Democrats' plan for this week is for the House to pass the Senate's version of the health overhaul—a bill that is less costly than the House version and unpopular with many in the House—and then immediately pass a separate measure tweaking that Senate version to make it more acceptable to House members.

Those tweaks would be passed in the Senate under so-called budget-reconciliation rules, which require just 51 votes. So Democrats should have a relatively comfortable margin for error there, provided senators live up to their part of the deal; the original bill passed with 60 votes.

The bigger question now is in the House, where the health bill passed with 220 votes originally—a mere two over the minimum—and where some centrist Democrats who voted yes have signaled they intend to reverse course now. So the whole yearlong effort rests on the ability of House leaders, and President Barack Obama, to hold as many of those original centrist supporters as possible, and turn a few no votes into yes ones.

Here are the arguments they'll be using to two dozen or so House Democratic moderates:

■ You've won. The bill has evolved in the way you wanted. Moderates worried above all that the original House bill was too big and costly; the new version will be trimmed down and cost less. This is why the release of a new Congressional Budget Office cost analysis on Monday is so important. Democratic leaders need to show House centrists that the changes being made will lower the price tag and actually reduce projected deficits.

In addition, Democratic leaders will point to specific items that moderates like in the new version. The public option—a government-run insurance plan to compete with private insurers—has been stripped out, a commission to hold down Medicare costs is included and a tax on so-called Cadillac health plans, which many analysts argue would hold down costs by reducing over-use of the health system, is included. Liberals hate all of those ideas, which actually may help convince moderates they should be happy to have them.

■ You'll be able to tell middle-class constituents they get benefits right away (in time for this year's midterm election), while the messier and costlier parts of the overhaul go into effect more slowly. This is the argument Mr. Obama has been stressing: As soon as the legislation is signed into law, new regulations on the insurance companies that everybody loves to hate will kick in, restricting their ability to deny coverage for pre-existing conditions or because payout limits have been hit.

■ This bill isn't perfect, but it's better than the status quo on health. Republicans argue the bill will drive up insurance premiums. The Democratic counter-argument will be that, without change, premium increases are certain. If nothing is done, "it's 40% premium increases as far as the eye can see," says one senior administration aide.

■ Politically speaking, you need an accomplishment to point to, and something is better than nothing. This has been Democratic leaders' trump-card argument all along. The worst outcome for Democrats, individually and collectively, would be to have nothing to show for waging this epic struggle over health. Those who hate what Democrats are trying to do on health would still hold it against the party, while those who want change would either blame the party for failing, or judge it to be simply incompetent. Failure, Democratic leaders will argue, is all downside, no upside.

■ The very vehemence of Republican opposition proves there is political gain to be made in getting this done. If Republicans didn't fear this might actually turn into a plus, why would they be protesting so much?

Are those arguments enough? Hard to say. The balance is so fine that nobody with any sense claims to know the outcome.

Reuters

Lawyers in Karachi, during a February boycott of courts, chant in support of Chief Justice Iftikhar Chaudhry.

Pakistan power play

Government is expected to seek shift in powers at Supreme Court

By Tom Wright

ISLAMABAD—Pakistan's president will ask parliament this week to take the power to reject Supreme Court appointments out of the hands of the chief justice, the latest round in a battle between the judiciary and executive branch.

Tensions between President Asif Ali Zardari and Supreme Court Chief Justice Iftikhar Mohammed Chaudhry spiked in December after the court overturned a law that shielded the president and his late wife, former Prime Minister Benazir Bhutto, from corruption investigations.

Mr. Zardari's government responded to that ruling with moves to try to bring the Supreme Court more under its sway. Last month, Mr. Zardari and Mr. Chaudhry had a standoff over the appointment of a Supreme Court judge. Mr. Zardari backed down after lawyers protested on the streets that the president had failed to consult the chief justice, whose opinion on selecting judges is binding, according to the constitution.

Now parliament, in which Mr. Zardari's Pakistan Peoples Party, or PPP, is the largest party, is about to receive proposed constitutional amendments that would make Supreme Court appointments the responsibility of a committee of government legal affairs officials, Supreme Court justices and a leading lawyer, according to details of the amendment made public by the parliament.

Lawmakers would then have the right to accept or reject those nominations, a power they don't have at present.

The proposed amendments have been hammered out by a bipartisan committee and should be able to gain the needed two-thirds approval in both houses of parliament. The timing of the vote is unclear.

The government is also expected to ask parliament to repeal a measure giving the president the power to dissolve parliament, and transfer the right to appoint the chiefs of the armed forces to the prime minister from the president.

Critics of the government, including some lawyers and former politicians, say they plan to protest the proposed amendment on Supreme Court appointments. They say the change is aimed at weakening the independence of the judiciary. They also say the government has failed to push ahead with corruption investigations against Mr. Zardari and others as ordered by the Supreme Court.

Others say the Supreme Court's judgment striking down the amnesty on corruption investigations appeared politically targeted at Mr. Zardari, a democratically elected leader.

"This is no longer a struggle for the independence of the judiciary. It's a tussle between the executive and judiciary for power," said Samina Ahmed, who heads the South Asian office of the International Crisis Group, a Brussels-based think tank.

Farhatullah Babar, a spokesman for Mr. Zardari and a senator for the PPP, said the president, under Pakistan's constitution, can't face corruption charges while in office. He said it is the right of parliament—not "an unelected body of lawyers"—to make laws on the selection procedure for Supreme Court judges.

Attempts to reach Mr. Chaudhry for a comment weren't successful. He hasn't made public statements about the proposed constitutional amendments but has chided the government for not moving more aggressively to reopen corruption cases.

Mr. Chaudhry gained international attention when he refused in March 2007 to comply with then-President Musharraf's order to step down.

In November 2007, then-President Pervez Musharraf—facing a court challenge to the results of presidential elections that returned him to power—suspended the constitution, kicked Mr. Chaudhry out and put him and a number of other judges under house arrest.

Mr. Chaudhry won plaudits in the West—he was awarded the Medal of Freedom by Harvard Law School in 2008—for standing up to an authoritarian president. He became the figurehead of the lawyers' movement, which took to the streets to demand judicial independence.

Mr. Musharraf was forced to resign in 2008 after democratic parliamentary elections. Mr. Zardari, who became president after the PPP won the largest share of the vote, and reinstated Mr. Chaudhry in March 2009.

But the fight between the government and a newly empowered judiciary, historically a rubber stamp for decisions by a succession of Pakistani military rulers, hasn't abated.

The Supreme Court's decision in December 2009 struck down a law known as the National Reconciliation Ordinance. It was passed by Mr. Musharraf's government in 2007 to pave the way for Ms. Bhutto to return from exile and re-enter politics by dropping corruption charges against her and Mr. Zardari, along with thousands of other people. She was killed in a suicide attack shortly after she returned to Pakistan in late 2007.

The court's judgment has the look of a "witch hunt" against Mr. Zardari and the PPP, wrote Asma Jahangir, chairwoman of the Human Rights Commission of Pakistan and a lawyer, in an article published by Pakistan newspaper Dawn in January. The judgment, by stating the National Reconciliation Ordinance benefited only criminals and corrupt public office holders, "has assumed the guilt of those who benefited from it. Courts are bound to presume a party innocent until found guilty," Ms. Jahangir wrote.

Mr. Zardari spent 11 years in jail on corruption allegations, with most of that time coming during Mr. Musharraf's tenure, but he hasn't been convicted in a Pakistani court. A Swiss court found Mr. Zardari and Ms. Bhutto guilty of money laundering kickbacks from a Swiss company in 2003 but that verdict was overturned on appeal, and a subsequent Swiss investigation was dropped at the request of Pakistan.

The chief justice's supporters defend his efforts to tackle alleged corruption at high levels of government. "The judiciary in a country like ours, where the government is so corrupt, has to take initiative," says Hamid Khan, a lawyer who defended Mr. Chaudhry during Mr. Musharraf's government.

ON OTHER FRONTS

Microsoft employees gaga over iPhones hide the devices

Steve Ballmer sours on Apple product; one executive puts his in an industrial-strength blender and destroys it

By Nick Wingfield
Redmond, Wash.

AFP/Getty Images

In a discussion about employee iPhone use, Microsoft CEO Steve Ballmer once told executives that when his father worked at Ford, his family drove Fords. Mr. Ballmer is pictured at an industry conference in February.

Microsoft Corp. employees are passionate users of the latest tech toys. But there is one gadget love that many at the company dare not name: the iPhone.

The iPhone is made, of course, by **Microsoft**'s longtime rival, **Apple** Inc. The device's success is a nagging reminder for Microsoft executives of how the company's own efforts to compete in the mobile business have fallen short in recent years. What is especially painful is that many of Microsoft's own employees are nuts for the device.

The perils of being an iPhone user at Microsoft were on display last September. At an all- company meeting in a Seattle sports stadium, one hapless employee used his iPhone to snap photos of Microsoft Chief Executive Steve Ballmer. Mr. Ballmer snatched the iPhone out of the employee's hands, placed it on the ground and pretended to stomp on it in front of thousands of Microsoft workers, according to people present. Mr. Ballmer uses phones from different manufacturers that run on Microsoft's mobile phone software.

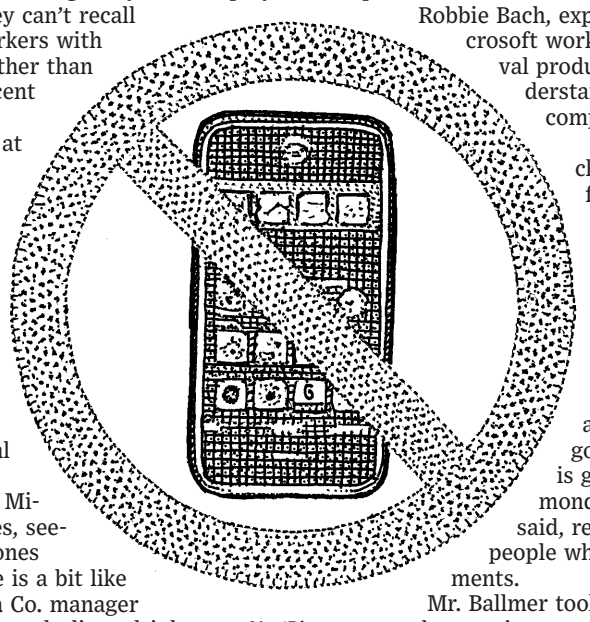
A Microsoft spokeswoman declined to comment and declined to make executives available for this story.

Apple CEO Steve Jobs referred an email asking about iPhone use at Microsoft to a spokeswoman, who declined to comment.

Despite Mr. Ballmer's theatrics, iPhone users are in plain sight at Microsoft. At the sprawling campus here in a Seattle suburb, workers peck away on their iPhone touchscreens in conference rooms, cafeterias and lobbies. Among the top Microsoft executives who use the iPhone is J Allard, who helped create the Xbox game console and is chief experience officer for the entertainment and devices division.

Nearly 10,000 iPhone users were accessing the Microsoft employee email system last year, say two people who heard the estimates from senior Microsoft executives. That figure equals about 10% of the company's global work force.

Employees at Apple, in contrast, appear to be more devoted to the company's own mobile phone. Several people who work at the company or deal regularly with employees there say they can't recall seeing Apple workers with mobile phones other than the iPhone in recent memory.



No iPhones

IPhone usage at Microsoft is the latest twist in the rivalry between Apple and Microsoft, tech-industry titans that have mixed it up in everything from computer operating systems to digital music players.

For many top Microsoft executives, seeing so many iPhones around the office is a bit like how a **Coca-Cola** Co. manager might feel seeing underlings drink Pepsi—especially since Microsoft makes its own operating system, Windows Phone, that powers handsets.

Employee iPhone use has led to some spirited discussions among Microsoft executives. At a retreat last March for dozens of senior Microsoft executives at its corporate campus, someone asked about employee use of iPhones in a question-and-answer period.

According to several people present, Andy Lees, a Microsoft senior vice president who oversees development of the mobile-phone software business, and his boss, Robbie Bach, explained that Microsoft workers often use rival products to better understand the competition.

Kevin Turner, chief operating officer, scoffed at that explanation, these people said. Mr. Turner said he discouraged Microsoft's sales force from using the iPhone, they added. "What's good for the field is good for Redmond," Mr. Turner said, recalls one of the people who heard his comments.

Mr. Ballmer took a similar stance at the meeting.

He told executives that he grew up in Detroit, where his father worked for **Ford Motor** Co., and that his family always drove Fords, according to several people at the meeting.

In what some employees interpreted as a sign that Microsoft was clamping down on the iPhone, the company in early 2009 modified its corporate cellphone policy to only reimburse service fees for employees using phones that run on Windows Phone software.

Microsoft has said it made the change as part of a broader cost-cutting plan.

Some Microsoft workers take pains to hide their iPhones. While rank-and-file workers tend to use the iPhone openly around peers, some conceal them within sight of more senior executives. One Microsoft worker said he knows several colleagues who try to disguise their iPhones with cases that make them look more like generic handsets.

"Maybe once a year I'm in a meeting with Steve Ballmer," said this employee. "It doesn't matter who's calling, I'm not answering my phone."

Some executives have openly renounced their iPhones. Stephen Elop, president of Microsoft's business division, used Apple products before Mr. Ballmer lured him to Microsoft in early 2008. But at a meeting of Microsoft sales representatives after joining, Mr. Elop placed his personal iPhone into an industrial-strength blender and destroyed it in a reenactment of a popular Internet video, says one witness.

Others remain less shy about their iPhones. Microsoft software engineer Eugene Lin recently gave a public talk in Seattle about developing software for the iPhone in his spare time. One of his creations: a racy application called Peekaboo that lets people ogle scantily clad cartoon women. A YouTube video of the Seattle talk by Mr. Lin, who didn't respond to messages seeking comment, has been viewed more than 73,000 times.

Microsoft isn't uniformly opposed to employees using Apple products, in part because it makes some software and services for them. Apple's Macintosh computers are common in the Microsoft group that makes the Mac version of its Office software.

Still, Apple's ascendancy in mobile phones has been tough to stomach.

The iPhone accounted for 25.1% of the U.S. smartphone market during the three months ending Jan. 31, compared with 15.7% for phones running Windows Phone software, according to comScore Inc.

Windows mobile phones have lagged some of the innovations of the iPhone, including Apple's slick Web browser and the App Store for downloading software onto the device.

But there's positive buzz among Microsoft employees and others in the technology industry about an overhauled version of its software, Windows Phone 7 Series, expected to be on handsets in time for the holidays.

One person who isn't jumping on the iPhone bandwagon is co-founder and chairman Bill Gates. In an appearance on "The Daily Show" in January, host Jon Stewart asked Mr. Gates if he can have an iPhone since leaving full-time duties at Microsoft in 2008 to focus on philanthropy.

"I'm a very loyal Microsoft user," Mr. Gates replied.

Thailand's Time for Choosing

When Abhisit Vejjajiva took the reins as Thailand's prime minister in 2008, he pledged to solve the "conflicts between groups in Thai society," which many took to understand the restoration of democracy. The hundreds of thousands of protestors thronging the streets of Bangkok this week are tired of waiting for him to act. It's the prime minister's time for choosing.

For those who don't remember, Thailand is ruled by a government that came to power in a silent coup. A military appointed tribunal disallowed the major opposition figures—supporters of former Prime Minister Thaksin Shinawatra—from holding office. The House of Representatives then voted to make Mr. Abhisit, supported by the military and urban elites, prime minister despite a wave of public protests.

Those people are still largely happy with the Abhisit government, which has kept a fractious coalition together. But the rural poor feel disenfranchised and support the United Front for Democracy Against Dictatorship, known as the "red shirts." They want fresh elections and threatened yesterday to shift their focus to an army base—an ominous sign that they are spoiling for a confrontation. Two soldiers were wounded yesterday in a grenade attack.

Both sides make this out to be a Manichean struggle in which only they are acting in the national interest. Mr. Thaksin, from self-imposed exile, rails against the *ammat*, or Bangkok elite, in which he includes politicians, generals, palace courtiers and businessmen. In recent years he has revived the term *amattayathipatai*, or "bureaucratic polity," to describe the military- and palace-backed government, a term that was used to describe the military dictatorship in the 1960s.

> Will Abhisit Vejjajiva finally get serious about democratic reform?

Meanwhile, Mr. Thaksin's opponents accuse him of corruption and disloyalty to the king, charges he denies. Since the coup, he has been convicted and most of his fortune was confiscated two weeks ago. But his real offense may have been the redistributionist policies that made him so popular with rural residents, as well as his efforts to open the Thai economy to greater global competition.

Long-time observers of Thailand may shake their heads and ask what's changed. Thai politics have long been murky, a democracy stage-managed by power brokers who divvied up the spoils. This arrangement has periodically broken down in various ways, with leaders either becoming too corrupt or too populist. Then the military has traditionally stepped in with the tacit backing of the monarchy.

But this time might be different. Despite being a billionaire whose own empire benefited from political connections, Mr. Thaksin was the first Thai leader to form a true democratic power base. Even if Mr. Thaksin proves to be a spent force, rural Thais will no longer be content with the emphasis on developing infrastructure in the already wealthier south. Businesses that trade internationally are also becoming a constituency for greater openness and an impartial and efficient government bureaucracy.

It's not just the red shirts' numbers that bear watching, but also their organizational and fundraising capabilities. Should the United Front for Democracy Against Dictatorship regain political momentum, it could demonstrate that the next generation of leaders is ready to take over the reins from Mr. Thaksin. That would strike fear in the hearts of the government leaders who have contrived to keep the populist Mr. Thaksin and his followers from power despite the fact that they have won the last four national elections, in 2001, 2005, 2006 and 2007.

Mr. Abhisit has shown some conciliatory signs, for instance initiating government programs to help rural constituencies. But he also invoked a new Internal Security Act last week in light of the recent protests. He can now either pledge to return Thailand to full democracy with early elections, or employ more repressive measures, such as a state of emergency. Thailand's future stability and prosperity may hinge on his decision.

The Hedge Fund Wars

In a letter dated March 1, Treasury Secretary Timothy Geithner called out the European Union's proposed "alternative investment fund" regulations as protectionism in drag. He's right to worry.

The proposal, which European finance ministers will discuss today in Brussels, would effectively bar hedge funds and private-equity funds from marketing themselves throughout the EU unless those funds are managed inside the bloc. The list of new requirements on location, leverage and disclosure for outside players is supposed to protect EU investors from shady offshore operators.

But protestations from Brussels aside, their real purpose is to reduce tax and regulatory competition. Switzerland and the U.S. are no doubt the main targets, but the U.K. would also feel the sting.

Nor would these rules reduce the risk of another financial meltdown. Hedge funds weren't the source of systemic risk during the panic. About 20% of them have failed in the past two years without regulators losing any sleep. Last month the U.K.'s Financial Services Authority released a report confirming that "major hedge funds did not pose a potentially destabilizing credit counterparty risk" and that they held a "relatively low level of 'leverage' under our various measures."

Though the new rules would be unlikely to solve any problems, they would probably create new ones. While the proposal would still allow managers to market their funds to European countries individually, the chances of foreign investors wrangling with 27 different regulators seem slim. The proposal would also give Washington's protectionists an excuse to retaliate by shutting European-domiciled funds out of U.S. markets.

Europe's finance ministers might also consider how much the vastly diminished choices imposed by the proposal would cost European retirees, who are the major customers for "alternative investment funds" on the Continent. The global lobby group, Alternative Investment Management Association, estimates the European pension industry would lose up to €25 billion annually under the new rules. Assuming that figure is roughly accurate, that seems a risk Europe's aging populations can hardly afford.

While hedge funds have most recently been vilified in Greece's fiscal psychodrama, the truth is that deficit-laden Europe needs global capital—and capitalists—more than ever. Now is the wrong time to be closing its doors.

Obama's Turn Against Israel

In recent weeks, the Obama Administration has endorsed "healthy relations" between Iran and Syria, mildly rebuked Syrian President Bashar Assad for accusing the U.S. of "colonialism," and publicly apologized to Moammar Gadhafi for treating him with less than appropriate deference after the Libyan called for "a jihad" against Switzerland.

When it comes to Israel, however, the Administration has no trouble rising to a high pitch of public indignation. On a visit to Israel last week, Vice President Joe Biden condemned an announcement by a mid-level Israeli official that the government had approved a planning stage—the fourth out of seven required—for the construction of 1,600 housing units in north Jerusalem. Assuming final approval, no ground will be broken on the project for at least three years.

But neither that nor repeated apologies from Israeli Prime Minister Benjamin Netanyahu prevented Secretary of State Hillary Clinton—at what White House sources ostentatiously said was the personal direction of President Obama—from calling the announcement "an insult to the United States."

Since nobody is defending the Israeli announcement, least of all an obviously embarrassed Israeli government, it's difficult to see why the Administration has chosen this occasion to spark a full-blown diplomatic crisis with its most reliable Middle Eastern ally. Mr. Biden's visit was intended to reassure Israelis that the Administration remained fully committed to Israeli security and legitimacy. In a speech at Tel Aviv University two days after the Israeli announcement, Mr. Biden publicly thanked Mr. Netanyahu for "putting in place a process to prevent the recurrence" of similar incidents.

Benjamin Netanyahu

The subsequent escalation by Mrs. Clinton was clearly intended as a highly public rebuke to the Israelis, but its political and strategic logic is puzzling. The U.S. needs Israel's acquiescence in the Obama Administration's increasingly drawn-out efforts to halt Iran's nuclear bid through diplomacy or sanctions. But Israel's restraint is measured in direct proportion to its sense that U.S. security guarantees are good. If Israel senses that the Administration is looking for any pretext to blow up relations, it will care much less how the U.S. might react to a military strike on Iran.

As for the West Bank settlements, it is increasingly difficult to argue that their existence is the key obstacle to a peace deal with the Palestinians. Israel withdrew all of its settlements from Gaza in 2005, only to see the Strip transform itself into a Hamas statelet and a base for continuous rocket fire against Israeli civilians.

Israeli anxieties about America's role as an honest broker in any diplomacy won't be assuaged by the Administration's neuralgia over this particular housing project, which falls within Jerusalem's municipal boundaries and can only be described as a "settlement" in the maximalist terms defined by the Palestinians. Any realistic peace deal will have to include a readjustment of the 1967 borders and an exchange of territory, a point formally recognized by the Bush Administration prior to Israel's withdrawal from Gaza. If the Obama Administration opts to transform itself, as the Europeans have, into another set of lawyers for the Palestinians, it will find Israeli concessions increasingly hard to come by.

That may be the preferred outcome for Israel's enemies, both in the Arab world and the West, since it allows them to paint Israel as the intransigent party standing in the way of "peace." Why an Administration that repeatedly avers its friendship with Israel would want that is another question.

Then again, this episode does fit Mr. Obama's foreign policy pattern to date: Our enemies get courted; our friends get the squeeze. It has happened to Poland, the Czech Republic, Honduras and Colombia. Now it's Israel's turn.

OPINION

The Election of Gordon W. Bush

By Rod Liddle

More than five years ago now I was cheerfully wandering around Haight-Ashbury in San Francisco, pretending to be a hippy, soaking up the pre-election atmosphere and buying my kids t-shirts that were, to a greater or lesser degree, nasty about George W. Bush. There were plenty to choose from: Shirts that made some sort of hilarious sexual pun of the word "bush," others that referenced marijuana (this was Haight, remember). I bought a couple and also picked up a few anti-Bush stickers and anti-Bush buttons. The kids and I hung out, soaking up the anti-Bush vibe, and eating in anti-Bush ethnic Ethiopian restaurants. It seemed a foregone conclusion—every house seemed to be displaying some poster with a vicious and inventive anti-Bush motif, every passerby wearing some item that proclaimed his disaffection with the president. Had any president in modern times been more reviled, maybe with the exception of Nixon?

Don't be surprised if Gordon Brown beats David Cameron in Britain's upcoming elections.

I went back to my hotel in Sausalito and wrote a piece for the Sunday Times: Bush is going to win, I announced. They thought I was deranged (which may be true, despite the outcome). But the thing is, I remembered being in the same place ten years earlier and seeing all the Clinton posters, the mass-clamoring, the outpouring of love for "Bill." I'd even helped out with the local Clinton campaign and seen firsthand how people were thinking. But in 2004, despite the frenetic, joyous, anti-Bush stuff, there were almost no posters saying simply "Vote Kerry." The Democratic candidate was entirely absent from this flood of political affiliation—or more appropriately, disaffiliation. In this peerlessly liberal city, they knew damn well who they didn't want—they just weren't remotely convinced about the alternative.

And so it is in Britain right now, as the general election approaches. Prime Minister Gordon Brown is neither trusted nor liked. Almost daily he is eviscerated as indecisive, bullying, uncommunicative, incompetent. He has several times been described as being borderline wacko—"psychologically damaged," to use the phrase attributed to a former ally. He has presided over Britain's worst recession in 80 years, and has none of Tony Blair's instinctive ability to connect with ordinary people. And yet even the counter argument to this—that he is more substance than style, more depth than surface—has been egregiously damaged by the behavior of his own spin doctors, who have been fingered for smearing opponents.

Still, inconceivably, it may well be that he will win the general election later this year, or at least come mighty close. The opinion polls that six months ago showed the Conservative Party with up to a 20-point lead have since narrowed and narrowed, to the degree that Labour and the Tories are now not far short of being neck-and-neck. People are talking of hung parliaments and coalitions, and Britain's third party, the Liberal Democrats, are getting themselves very excited that they might soon hold the balance of power. How can this be, that this discredited government might well be on course to win an historic fourth term of office?

It's San Francisco, again: Much though Mr. Brown may be reviled, there is no great appetite for David Cameron. Partly this is down to that old bedevilling British thing, class: Mr. Cameron is from very well-bred stock, and so are almost all of his lieutenants. He attended Eton and was a member of the Bullingdon Club, an association of high-born monkeys who got up to, er, hijinks, at Oxford University—usually involving champagne and nakedness. The Tories hope this will not play too badly with the country at large. But it does, oh, it does. And they know it does, because they have stopped the press from printing any more photos from Mr. Cameron's days at Oxford, penguin-suited and arrogant.

Worse still, the further you go from the metro-liberal-anything-goes redoubt of Central London, the more the desire for a Conservative government diminishes. In the north, in Newcastle or Leeds or Glasgow, they find the Conservative front bench—75% from private schools—questionable at best and at worst repellant. The Labour Party, despite objections from the largely upper-middle-class, liberal media, has played the class card for all it is worth, and it's worked.

Gordon Brown

The notion of class still has some force in Britain, no matter how much people might wish it did not.

But there is also this: Mr. Cameron has modeled himself upon Mr. Blair, as a young, modern, agreeable, and non-ideological politician—a pragmatist with time for all. He has championed a sort of soft-green agenda, going so far as to put an almost entirely fatuous, tiny wind turbine on the roof of his house in Notting Hill (Britain's most affluent area, incidentally). The backlash against the green agenda and climate-change crusading has undoubtedly hurt Mr. Cameron. Britons are beginning to see such issues, rightly or wrongly, as froth which has nothing to do with them, and there is growing resistance to the notion that (a) climate change is fact and (b) working-class people should pay for it.

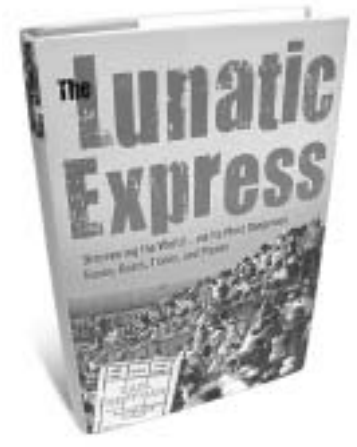
And then there is the flip-flopping. A big problem for the Tories is that one simply doesn't know what they stand for, or why—and that they are prone to spouting the most opportunistic drivel, which gets corrected within a day or two of being uttered. This was certainly the case when it came to the financial crisis: At first, the Tories seemed paralyzed; then, upon instinct, they opposed bailing out the banks that were teetering on the edge of collapse—before concurring that it was the right thing to do. More recently they have argued with great vehemence for huge cuts in the public sector to pay off our debts and then, within a week, insisted that there should be no enormous cuts after all. In an attempt to make the Conservatives appear the "nice" party (in lieu of their traditional and respected image as the "nasty" party), Mr. Cameron once suggested that young yobs dressed in hooded tops should be "hugged" rather than vilified. Then in January he ventured that it might be okay for homeowners to shoot burglars.

In both the detail of policy and in general feel and direction, the Tories seem to contradict themselves on an almost daily basis. It's San Francisco and John Kerry all over again: Don't be surprised if Mr. Brown is back in 10 Downing Street on May 7.

Mr. Liddle writes the "Liddle Britain" column for the Spectator magazine.

Planes, Trains and Miseries

[Bookshelf]



The Lunatic Express
By Carl Hoffman
(Broadway, 286 pages, $24.99)

By Simon Winchester

No one pretends anymore that it is fun, or even pleasant, to fly on any airline in the U.S. It is a task—a travail, from which French linguistic origins the word travel is most appositely derived—to which few can possibly look forward. And yet, for all its shortcomings, the process of wandering anywhere in the country, between Bangor and Baja, or between Kodiak and Key West, remains an experience that is an order of magnitude more acceptable—and, crucially, many orders of magnitude more survivable—than is endured by most of the rest of the traveling world. For the planet's poor—which means the vast majority of humanity—the simple business of getting from place to place is almost invariably a savage and insufferable nightmare, unsafe and unsanitary, run by incompetents and regulated by crooks.

Carl Hoffman, a courageous and interestingly untroubled man from Washington, D.C., has done a great service by reminding us, in "The Lunatic Express," of this abiding truism: that the world's ordinary traveler is compelled to endure all too much while undertaking the grim necessities of modern movement. Mr. Hoffman spent a fascinating year going around the world precisely as most of the world's plainest people do—in the threadbare conveyances of the planet's billions.

So he headed across the Andes crammed inside half-welded and smooth-tired buses. He sardined himself into the creaking fuselages of the notoriously unsafe airlines of former Soviet-bloc banana republics. He sweated on Indian or African railway trains (the Lunatic Express of the book's title is the nickname of a train in Kenya) that were filled to bursting—though with the numbers occasionally reduced as passengers gasping for fresh air had their heads lopped off by passing bridges. He slept on the bilge-water-stinking hammock-decks of ferries, in the Philippines and the Ganges tributaries, that tip over regularly with the accumulated drownings of thousands.

I confess that I did not expect too much of this book. I fancied it to be either a mere travel stunt or a maudlin or misanthropic adventure story by an updated hipster version of Paul Theroux. It was neither. Mr. Hoffman manages to be both brave and compassionate as he lurches on his near-interminable journey from his home turf in the Adams Morgan neighborhood of Washington to the Gobi Desert and back again.

He learns enough about himself en route to satisfy the travel-writing theorists, true, and this can be a little tedious. But—more important—he learns along the way a great deal about the habits of the world's peripatetic poor, and he writes about both the process and the people with verve and charity, making this book both extraordinary and extraordinarily valuable.

Mr. Hoffman is perhaps at his most powerful when he abandons himself to the simple hugger-mugger squalor of his journeying—as here, when he is on a ferry in Indonesia, on passage from Jakarta to Sarong by way of the alluringly named towns of Surabaya, Banda Neira and Fak Fak: "The more I shed my American reserves, phobias, disgusts, the more [my fellow-passengers] embraced me. In the weeks ahead I would accelerate what had started gradually over the miles. I would do whatever my fellow travelers and hosts did. If they drank the tap-water of Mumbai and Kolkata and Bangladesh, so would I. If they bought tea from street-corner vendors, so would I. If they ate with their fingers, even if I was given utensils, I ate with my fingers. Doing so prompted an outpouring of generosity and curiosity that never ceased to amaze me. It opened the door, made people take me in. That I shared their food, their discomfort, their danger, fascinated them and validated them in a powerful way."

He had a habit of noticing countless things, as the best of traveling writers do. Among the most fascinating, and at first, puzzling, was that at a certain point in his journey he was all of a sudden—the American traveler in exotic lands—not being noticed. Beforehand, whether on that Indonesian ferryboat or on buses in Senegal or mutatas in East Africa or jammed into the slow expresses in Bihar, he was the center of a small whirlwind of curiosity. But then it all evaporated—at the very moment he arrived in the deserts of western China.

He had flown in to Urumqi and had made plans to get himself to Hohhot on the way to Ulan Bator, and yet one day he found in an instant that no one now paid the slightest attention to him. It was as though in China, unlike everywhere else, he didn't exist.

He was, of course, in Chinese eyes no more than a barbarian, an uncouth and vulgar interloper to whom no attention should properly be paid. And insofar as all official Chinese policy toward the outside world will from now on be made according to that single precept of institutionalized disdain—more especially now that China is so successful, so powerful and so rich—Mr. Hoffman's slim book is rendered even more valuable than, as a simple travel account, it might at first appear.

It is a wise and clever book too, funny, warm and filled with astonishing characters. But it also represents an important exercise, casting an Argus-eye on a largely invisible but un-ignorable world. It is thus a book that deserves to be read widely. Perhaps in some airport in a blinding rainstorm in the Midwest, while waiting for yet another infernally delayed American plane.

Mr. Winchester's "Atlantic: The Biography of an Ocean" will be published next year.

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*
Published since 1889 by
DOW JONES AND COMPANY
© 2010 Dow Jones & Company. All Rights Reserved

DOWJONES A News Corporation Company

OPINION

Unprincipled 'Precaution'

By Julian Morris

When India's environment minister banned a new strain of eggplant recently, he justified it by referring to the "precautionary principle," a policy makers' tool intended to protect against catastrophe. The European Union has long based regulatory decisions on this principle, and it has led to all manner of arbitrary and economically damaging decisions. India, with its high rates of poverty and malnutrition, cannot afford to make the same mistake.

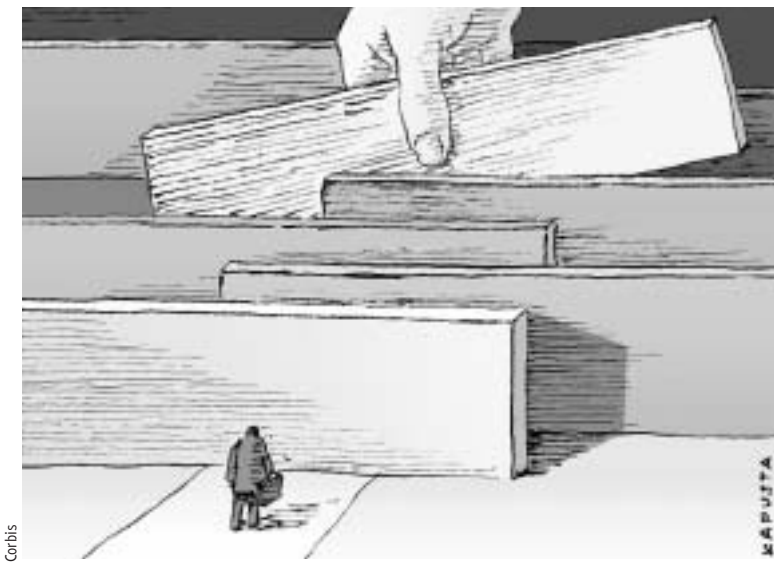
Greenpeace defines the precautionary principle thus: "Do not admit a substance unless you have proof that it will do no harm to the environment." This is like demanding that a child prove there are no fairies in the garden before being allowed to play in it. While sometimes precaution is necessary in introducing a new product to the market, the precautionary principle can effectively ban all new products, because it is impossible to prove a negative.

So for practical purposes, weaker versions of the precautionary principle have been developed, such as this one from the United Nations' Ministerial Declaration of the 1992 Rio Earth Summit: "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." Translation: If the opponents of a technology are louder and more politically savvy than the proponents, then ban it and cite the precautionary principle as justification, regardless of the plausibility of the threats posed by the technology—or its benefits.

It is this weaker precautionary principle to which Indian Environment and Forests Minister Jairam Ramesh alluded when announcing a temporary moratorium on the commercialization of Bt brinjal, a genetically modified eggplant, last month. "Public sentiment is negative. It is my duty to adopt a cautious, precautionary, principle-based approach," he stated.

But this approach to policy making, long adopted by the EU, is fundamentally flawed. In the 1980s, for instance, the EU banned the use of animal growth-promoting hormones—a decision that went directly against the advice of an expert committee the EU itself had established. The EU then extended the ban to imports of beef, incurring the ire of various trading partners. In a World Trade Organization case subsequently filed by the United States and Canada, the EU sought to use the "precautionary principle" as justification for the ban, but this argument was rejected by the WTO. Nevertheless, the ban remains in force.

The EU and NGOs have sought to widen the sphere of influence of the precautionary principle, pushing for its inclusion in many international agreements, from the Rio Declaration to the Biosafety Protocol, an international agreement that regulates trade in genetically modified crops and other organisms. As a result, governments that have ratified all or some of these agreements—including Australia, China, India, Indonesia, New Zealand and Pakistan—have begun to introduce the precautionary principle domestically. The consequences are only



Corbis

now beginning to materialize, as with the Bt brinjal decision.

Meanwhile, EU application of the precautionary principle continues to have adverse impacts, both domestically and internationally. Last January, Brussels announced new, "precautionary" pesticide regulations. Previously, the regulations were based on the amount that would be used, recognizing that chemicals toxic at high doses may be harmless or beneficial at low doses. The new regulations ban pesticides that are toxic at high doses, even if they are only used in extremely low doses. By that logic even water and oxygen would be banned if they were classified as pesticides. The regulation is likely to impede the development and use of beneficial new pesticides. And it will likely limit the use of some existing pesticides for disease control in poor countries—resulting in many unnecessary deaths from malaria and other insect-borne diseases.

What drove these decisions? Part of it is simple bureaucratic self-interest: Bureaucrats are rarely credited for allowing beneficial technologies but often blamed for permitting harmful ones. When activists loudly oppose a technology, the blame-avoiding bureaucrat opts for a ban, even if it means a highly beneficial and essentially harmless new technology remains unavailable. The precautionary principle frees regulators from making decisions based on science and enables them to make the decisions that are in their own best interests.

Recently, EU Commission President Jose Manuel Barroso has sought to make decision-making on contentious issues more science-based. Among other things, he switched responsibility for approving genetically modified crops from the Directorate General for the Environment, which funds antitechnology nongovernmental organizations and has long opposed such crops, to the Directorate General for Health, which has a more neutral record. Perhaps this is also blame avoidance: In the context of stagnating European economies, he does not want to be blamed for preventing new productivity-enhancing technologies from being adopted. Whatever the reason, it appears to be having a beneficial effect. Last month, DG Health approved commercial production of a genetically modified variety of potato that will be used to produce industrial-grade starch.

But India is going in the opposite direction, as exemplified by the Bt brinjal decision. In India, as in Europe, a small but politically savvy band of opponents has generated widespread attention for a range of more or less specious concerns regarding the impact that genetically modified crops might have on health, farmers, the environment and India's cultural heritage. In the face of such an effective campaign, it is not surprising that Mr. Ramesh imposed a moratorium. But it is nevertheless bad news for the vast majority of Indians, especially the poor.

Decisions about the use of a technology should be based on clear, simple and abstract rules. The precautionary principle is the opposite: It encourages the imposition of arbitrary and capricious restrictions on beneficial technologies. It's time to end this unprincipled "precaution."

Mr. Morris is executive director of International Policy Network, a London-based think-tank, and a visiting professor at the University of Buckingham.

Revamping America's Military in Asia

By Wallace C. Gregson

When I first arrived in Asia with the United States Marine Corps in 1969, the future security of the region, as well as America's long-term role in Asia, was far from clear. Today, Asia has vastly changed, yet it still faces a wide range of challenges shared by all, including persistent nuclear and missile threats, energy insecurity, violent extremism, frequent natural disasters and unresolved border disputes. And so America's commitment to Asia's continued peace and security is critical given how fundamentally interconnected the region's security is with our own.

The Pentagon's Quadrennial Defense Review published last month sets out four priorities that will help the U.S. develop a force with the capability and versatility to respond to today's needs and protect against tomorrow's threats. First, America is committed to prevailing in today's wars. We must ensure that our forces have the resources they need, whether fighting in Iraq and Afghanistan, supporting our partners in the Philippines, or in other missions around the world. Second, to limit the necessity of resorting to arms, we must enhance our ability to prevent and deter conflict whenever possible. Third, our forces must be prepared and capable of responding to a wider range of contingencies. Finally, we must preserve and enhance the all-volunteer force—America's men and women in uniform, whose forward-deployed presence is essential to meeting our security obligations to the region.

Our regional allies and partners will be essential to our shared success. In Asia, we have long known the value of close alliances and partnerships. These relationships have endured through the shadows of the Cold War and matured into global partnerships whose value stretches far beyond the Pacific Rim.

The most important security role our Asian alliances and partnerships will continue to serve is their proven ability to foster stability by deterring conflict and coercion. Yet we recognize that recent trends in the Asian region necessitate greater attention to deterrence. In particular, the QDR emphasizes that we must enhance our ability to protect the openness of the global commons—the sea, air, space and cyberspace domains—upon which Asia's economic vitality depends.

This effort will require greater U.S. investments in high-end technologies for our forces, including increased naval assets, space and cyber capabilities, and intelligence, surveillance and reconnaissance resources. We are also working with many regional partners to encourage a more cooperative and responsible approach to

New threats require closer linkages between old alliance partners.

the myriad challenges we face in maritime regions such as the South China Sea and the Indian Ocean.

The QDR also recognizes that the nuclear and ballistic missile threats are clear and growing, both toward our partners in the region and to the American homeland. The Department of Defense will make new investments in missile defenses that are more flexible, easily deployed and tailored to Asia's unique needs. We will also ensure that as long as nuclear proliferation and the threat of nuclear attack remain a reality, the U.S. will maintain a strong and effective extended deterrent that guarantees the defense of our allies and partners.

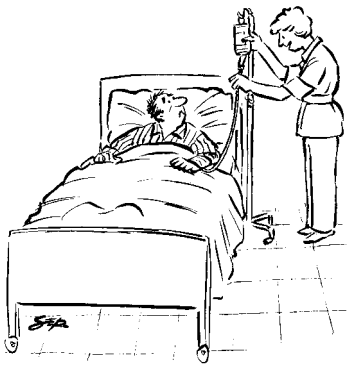
The U.S. and our regional partners must also be prepared for a wider range of threats. We are continuing to work with Japan and South Korea to realign our forces in ways that will strengthen our shared capabilities. These changes, as well as the strategic buildup of U.S. forces on Guam, will allow us to respond more quickly and effectively to challenges in the region and beyond. Of course, America cannot, and should not, attempt to take the lead in every possible contingency. In recent years, the region's remarkable development has enabled our Asian partners to play a more robust role in their own security. We will provide a renewed focus on security assistance and combined training opportunities to ensure our partners are better equipped to take a larger role in regional security affairs.

The U.S. begins the second decade of the 21st century with a far different role in the region than where we began a century ago. As Secretary of Defense Robert Gates has stated, "Our alliances and partnerships are stronger, and our relationships are always maturing and evolving to reflect changing times." Together with our Asian allies and partners, we must mutually share the responsibilities for regional peace and stability. The QDR highlights the steps the U.S. plans to take to achieve this objective in the coming years. Together, we can help ensure that the next 50 years of progress and stability will be as remarkable as the last.

Mr. Gregson is assistant secretary of defense for Asian and Pacific security affairs at the U.S. Department of Defense.

Pepper . . . and Salt

THE WALL STREET JOURNAL



"Bon appetit."

IN DEPTH

Daryl Peveto/Luceo for The Wall Street Journal

Trucks pictured earlier this month line back streets leading to the Port of Long Beach waiting to drop their shipments.

Exporters face bottleneck as ship firms cut U.S. service

Companies confront delays and lack of capacity in shipping just as American goods are finding demand abroad

MINNESOTA farmer Wayne Knewtson has 810 hectares of soybeans, and soy-milk makers in Vietnam eager to buy his crop.

The only problem: delays of three and four weeks in shipping them. His customers "are not happy," Mr. Knewtson says. And because he doesn't get paid until the beans arrive in Vietnam, he has had to take out a loan to cover expenses on his farm.

*By **Jennifer Levitz, Tamara Audi** and **John W. Miller***

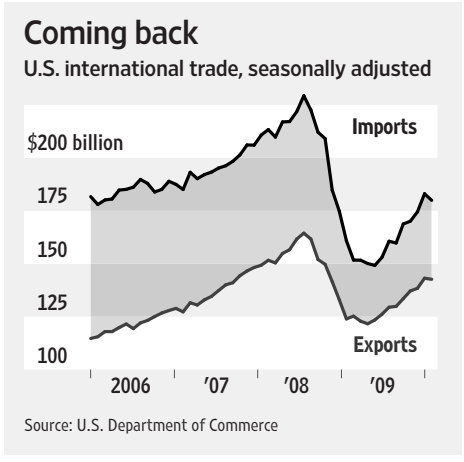
The U.S. finally is enjoying some strength in exports, thanks to economic recovery in Asia and a generally weak dollar. But just as U.S. goods find demand abroad, there's a problem getting them there.

It's the opposite of what one might expect. Carriers have a surplus of ships. And since the U.S. still imports more than it exports, freighters arrive in America looking for export cargo to take back, so they don't have to go home empty.

Yet American producers of everything from hazelnuts to cardboard are complaining they can't get their goods shipped in timely fashion. Eighty rail cars filled with dried peas sat for weeks on train tracks outside Seattle, waiting for a ship to India. Wheat for Asia is stuck in a warehouse in North Dakota.

The bottlenecks are among the many challenges to President Barack Obama's goal of doubling U.S. exports in five years, a hope he detailed in a speech Thursday.

The constraints arise from the unusual economics of transport businesses such as ports and container shipping. U.S. ports, thanks to the huge appetite Americans have developed for goods made abroad, are oriented more to the import than the export trade. So are the big foreign ship companies, which gear their schedules and their routes to American imports, not to exports.



The ship glut, instead of providing more vessels, perversely is helping make fewer available. That's because the glut, in combination with a fall in trade during the recession, cut shipping rates below the cost of operation for some routes. Carriers responded by idling many ships and reducing their trips to the U.S., to save money and try to force shipping rates higher. Rates on container ships tumbled nearly 50% last year. The carriers lost $20 billion, according to the Transpacific Stabilization Agreement, a consortium of major shipping lines.

"All carriers have reduced capacity and frequency to U.S. ports," said Tan Hua Joo, an analyst with Alphaliner, a Paris maritime consultancy. In October of 2008, he said, there were 70 weekly cargo-ship trips to the U.S. from Asia; now there are 54. CMA-CGM SA of Marseille, France, reduced shipping capacity to the U.S. East and West coasts by 22% in 2009 and stopped sending ships to one port, in Mobile, Ala.

Carriers also have been idling ships. Last year—even as new vessels ordered in good times kept arriving from shipyards—the industry idled 11% of its fleet capacity, some 500 vessels.

In addition, over 200 ships were sold for scrap in 2009, representing more capacity scrapped in one year than in the past 10 years combined, according to Alphaliner.

Finally, many carriers have reduced the speed at which their ships travel, to save fuel. Ten of 19 routes from Asia to the U.S. East Coast have gone to "slow steaming," Alphaliner says. The trips can take a week longer than usual. While helping carriers' finances, this tactic further stretches out delivery times for U.S. exporters.

When ships carrying imports call less frequently at U.S. ports, or even skip some ports they once went to, exporters have to wait longer or look harder to find a ride for the goods they want to ship abroad.

Pork producer Smithfield Foods Inc. used to ship from ports in the Pacific Northwest. Because of a shortage of ships and containers there, Smithfield is instead hauling pork raised in the Midwest to Houston and putting it on vessels that traverse the Panama Canal. The result is higher costs and delays of seven to 10 days for customers in Hong Kong and South Korea, Smithfield says.

The crunch is especially troubling to agricultural exporters, who mostly don't sell branded products. "There are not enough ships or containers to handle the exports that the world wants to buy from us. This situation is becoming more dire by the day," said Peter Friedmann, executive director of the Agriculture Transportation Coalition, a lobbying group. "This isn't Nike or Adidas. If they can't get our hazelnuts, they'll buy them from Turkey."

Jeff Pricco, a Minneapolis-area soybean exporter, says he told a customer in Malaysia it would take 60 days, compared with the usual 15 to 21, to deliver 40 tons of soybeans. The customer said "we need it sooner" and went elsewhere, Mr. Pricco says.

Some exporters facing delivery deadlines resort to air freight, despite a cost that might be 50% higher. "It's a great opportunity for us," said Jess Bunn, a spokesman for FedEx Corp., which is doubling its fleet of planes serving U.S.-Asia routes. United Parcel Service Inc.'s international air-shipping business rose 12% in the fourth quarter.

Further frustrating exporters: Carriers are charging more. Exports in December reached their highest level in 13 months. In the middle of January, more than a dozen ship companies imposed a $400 "emergency" surcharge on the roughly $1,500 price for shipping a 40-foot container to the West Coast from Asia.

The rate had been as high as $2,700 before the financial crisis. The $400 surcharge "is far from bringing the carriers back to profitability or even to the break-even point," said Jean-Philippe Thénoz, vice president of North America lines for France's CMA-CGM.

While it isn't unusual for carriers to idle ships or reduce routes occasionally, analysts say they are withholding capacity more aggressively and for longer. "The carriers are thinking, 'How can we realign supply and demand?' The way to do that is to restrict tonnage," said Neil Dekker, an analyst with Drewry Shipping Consultants Ltd. in London.

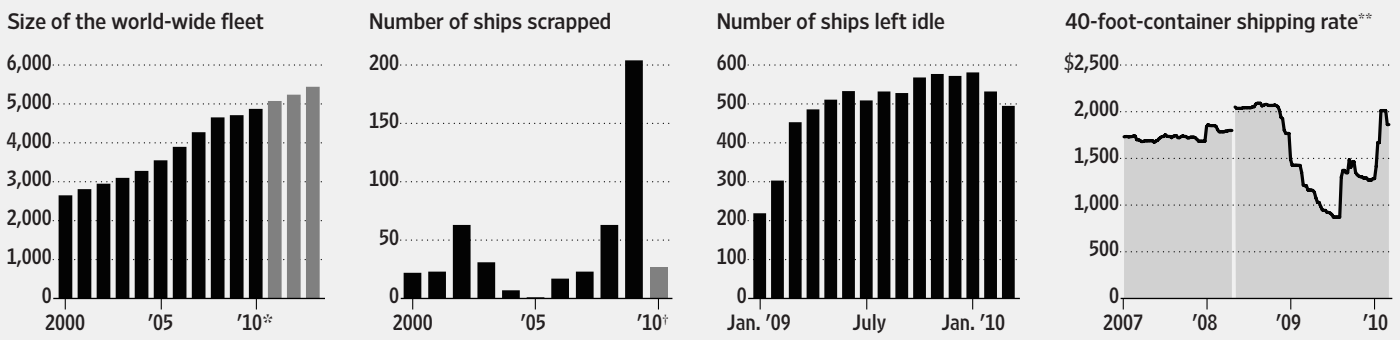
Paul Bingham, a managing director at research firm IHS Global Insight, said, "It's almost unprecedented [to] have a carrier

Please turn to next page

IN DEPTH

Staying afloat

Global carriers ordered many new container ships in good times, were caught in the recession with a glut and have been trying to whittle it.



*2011-2013 data are projections †Through March 1 **Drewry Hong Kong-Los Angeles container rate benchmark; data unavailable for the last week of April 2008
Sources: Lloyd's Register - Fairplay Research (number of ships); Alphaliner (idle and scrapped ships); Drewry Shipping Consultants (shipping rates)

Continued from previous page
artificially adjusting freight transportation capacity in an attempt to affect the classic supply-demand relationship."

Rep. James Oberstar, a Minnesota Democrat who heads the House Committee on Transportation and Infrastructure, is pressing the Federal Maritime Commission to look into whether carriers are engaging in anti-competitive behavior by restricting capacity to raise rates. Without directly addressing that issue, FMC Chairman Richard Lidinsky Jr. said his agency has been meeting with shippers and carriers, seeking solutions to the current lack of capacity.

Eventually, higher prices should lure more ships into American ports. Shipping companies defend their cutbacks. "You can't just raise rates or you scare customers away. The only thing we can do is look at capacity," said Frankie Lau, a spokesman for Orient Overseas (International) Ltd. in Hong Kong.

The Federal Maritime Commission says that carriers aren't allowed to act collectively to cut capacity, and the carriers say that they don't—they act individually.

The companies also say they don't collectively set rates, but just discuss them, which the FMC agrees the lines are permitted to do. The FMC says shipping lines are among the few industries unaffected by U.S. antitrust law, largely because of the large number of international companies involved.

Eivind Kolding, CEO of Maersk Line, a subsidiary of shipping giant A.P. Moller-Maersk AS in Copenhagen, says the tight market is related to a surge in U.S. exports in the fourth quarter, which carriers didn't see coming. Carriers worry that if they respond by putting more ships in service, but trade drops off again, they'll be stuck with operating empty vessels that are expensive to maintain. U.S. exports did turn slightly slower in January from December, data out Thursday showed, though they remain well above a year earlier.

The crunch is a window into the larger revolution of the last two decades, as globalization transformed U.S. trade. Buoyant U.S. consumption had ships full of everything from jeans to computers crossing the Pacific and pulling into U.S. ports.

Ship companies expanded the global fleet at double-digit annual rates from 2004 through 2008. Over the next two years, they are due to receive hundreds more mammoth vessels, ordered during the boom, that they don't need.

U.S. ports, meanwhile, expanded import facilities. Georgia spent $500 million between 1995 and 2005 building docks and railyards at the port of Savannah. It also enticed importers to build distribution centers, a model followed by ports in Virginia, South Carolina and New York.

While some ports, such as Savannah's, have also kept up export traffic, America's trading infrastructure grew imbalanced, with a huge capacity to import goods but an attenuated capacity to export them. Loads of grain or corrugated paper leaving the U.S. took a back seat to the DVDs and toys coming in.

The Los Angeles Harbor Grain Terminal, which occupies a crowded corner near the Port of Los Angeles, lacks enough space to handle the volume of exports arriving from inland.

"We've always been the ugly stepchild when it comes to trade," said Dwight Robinson, vice president of the terminal. He said the grain terminal had to move off its waterfront property in the mid-1980s to make way for an area to unload imports.

Recently, nearly 100 rail cars stuffed with animal feed, grain and soybeans from the Midwest packed the lone railroad track leading into the export center. There are plenty of containers, just not enough space on the railroad tracks, said Mr. Robinson.

Geraldine Knatz, executive director of the Port of Los Angeles, said the port is set up to receive imports and exports equally.

The recession brought a steep downturn in imports. One ship company, the APL unit of Singapore's Neptune Orient Lines Ltd., saw its shipments to the U.S. fall 14% to 19%. But the import infrastructure was built over decades and occupies large amounts of property, not just right at ports but nearby. Reversing this to handle more export capacity would be a huge undertaking that couldn't be accomplished overnight.

Ship companies, having cut back the frequency of their trips to the U.S., and still under profit pressure, say they won't increase service again until U.S. imports pick up sharply. They wouldn't schedule their routes based on U.S. exports unless those rose a great deal, said Tony Mason of the International Chamber of Shipping, a shipowner group.

Some U.S. importers say space is tightening even for them. Audiovox Corp., a Hauppauge, N.Y., company that imports electronics, had 13 containers of DVD players left at the dock in Hong Kong last month after being bumped from an overbooked cargo ship, said Pat Moffett, vice president of global logistics. To meet the deadline of a U.S. retailer that had run an ad promoting the electronics, Mr. Moffett said, he had to pay 35% more to ship by air.

"In my 30 years in this business, I have never seen anything like this. This lack of vessels is a nightmare," he said.

Daryl Peveto/Luceo for The Wall Street Journal

Sinopix

Above, ships lie idle east of Singapore. Carriers cut service to the U.S. when imports fell, making it harder for exporters to get their goods moved; adding to delays are overtaxed export facilities like those at the Los Angeles Harbor Grain Terminal, top.

FROM PAGE ONE

China gap shrank with accounting move

Continued from first page
shrink the 2009 deficit to 2.2% of GDP, according to calculations by The Wall Street Journal that were verified by three economists.

Greece and other European countries have over the years used accounting maneuvers to meet their own 3% targets. In the run-up to the creation of the euro, France, Spain and Portugal made one-off changes to their budgets that allowed them to keep deficits below the 3% level for 1997. Subsequent revisions showed that the actual deficits for that year were above 3% of GDP for all three countries. Europe is now struggling with a crisis precipitated by Greece's failure to stick to that target.

China's government finances—according to official measures—remain healthier that those of the U.S. and many European nations, though Chinese officials are increasingly concerned about the hidden liabilities of local governments.

It isn't clear why China's finance ministry is so attached to the 3% target. China has no obligation to keep its deficits below that level, and many foreign economists have urged the government to run bigger deficits. China also doesn't face pressure from global financial markets to run tight government finances, as its enormous pool of domestic savings means it has little need to borrow from abroad.

Associated Press

But China's government has frequently faced questions from investors and its own public over whether official data accurately represent the state of the world's fastest-growing major economy.

In a 2008 report by the International Budget Partnership on transparency in government finances, China scored 14 out of 100 points. India scored 60, and the U.S. scored 82.

China provides "scant information" about its public finances, which "makes it very difficult for citizens to hold the government accountable for its management of the public's money," the group said.

The difference in the 2010 deficit accounting hinges on the treatment of 260.82 billion yuan ($38.16 billion) in local government spending that was "carried over" from 2009.

According to the ministry's budget report, this money was allocated for projects in 2009 but wasn't spent.

Though the money will be spent in 2010, it is still being counted as part of the 2009 budget.

In a written response to questions from The Wall Street Journal, China's Ministry of Finance confirmed that the "carried over" money isn't included in its budget for spending in 2010.

It isn't uncommon to account for spending in the time period when the commitment to pay the money is made, as is the practice under the accrual accounting used by many businesses.

But most governments, including China's, have historically practiced cash accounting, which counts revenue and spending only when the money changes hands.

Under those principles, to count all of the cash the government will actually spend in 2010 requires adding the "carried over" funds to the 8.453 trillion yuan in formal budgeted spending.

That would increase the budgeted 1.05 trillion yuan deficit for 2010 by 260.82 billion yuan, pushing it to 3.5% of expected gross domestic product from 2.8%.

China's actual budget deficit for 2010 could turn out to be lower than anticipated, since it is based on the finance's ministry forecast of 8% in revenue growth, which is widely seen as very conservative. The ministry also budgeted for 8% revenue growth last year, and achieved an 11.7% gain.

WSJ.com

Want to read top articles from The Wall Street Journal Online in Chinese? Find them at **Chinese.WSJ.com**

Beijing remains a net seller of U.S. Treasurys

Continued from first page
CRT Capital Group LLC.

Continued strong foreign buying of Treasurys overall "should offer some solace to the notion of diminished interest from overseas," he said in a note.

For all foreign investors, net purchases of U.S. Treasury notes and bonds totaled $61.4 billion in January, compared with net buying of $69.9 billion in December.

Japan, also a net seller in January, reduced its Treasury holdings to $765.4 billion from $765.7 billion.

More broadly, net purchases of all types of long-term U.S. securities totaled $0.9 billion, following net purchases of $50.9 billion in December.

The monthly Treasury report highlights cross-border acquisitions of securities with maturities of more than one year, including non-market transactions such as principal repayment on asset-backed securities and stock swaps.

The report's most comprehensive category, "monthly net TIC flows," includes non-market transactions, short-term securities and changes in banks' dollar holdings.

This measure of net foreign-capital outflows was $33.4 billion, compared with an outflow of $53.6 billion in December.

Net sales by official foreign entities, such as governments, hit a record $34.1 billion, following net sales of $16.7 billion in December.

The most closely watched figure—net flows of long-term securities excluding transactions that don't occur on an open market—showed net buying of $19.1 billion in January. Net purchases reached a total of $63.3 billion the month before.

Financial market analysts consider this figure to be a significant but imprecise gauge of how easily the U.S. can finance its trade deficit.

U.S. data released last week showed a surprise contraction in the trade deficit to $37.3 billion in January from $39.9 billion the month before.

Breaking down Treasury purchases, private foreign investors bought a net $60.7 billion in notes and bonds during January, after buying $48.1 billion in December.

Meanwhile, foreign official institutions such as central banks bought a net $558 million of these Treasurys, compared with net purchases of $22.0 billion the month before.

Meanwhile, private foreign investors, including international organizations, sold a record amount of corporate bonds, a net $24.8 billion. Total net foreign sales of corporate bonds, including by official holders, were $24.6 billion, versus sales totaling $7.9 billion in December.

Net foreign sales of debt issued by U.S. government-sponsored businesses like Fannie Mae and Freddie Mac totaled $5.0 billion, compared with $49 million in purchases in December.

For U.S. equities, net foreign purchases totaled $4.3 billion in January, compared with purchases of $20.1 billion the previous month.

Foreign investment in China recovers, rising 4.9%

By Terence Poon

BEIJING—China attracted $14.02 billion of foreign direct investment in the first two months of this year, up 4.9% from the year-earlier period, official data showed Monday, reflecting the broader economic recovery world-wide.

Foreign investment into China fell early last year as the financial crisis deterred foreign companies from investing in developing economies, but has been recovering since August. Despite concerns among foreign businesses of China's investment climate becoming less hospitable, Beijing says it still welcomes foreign investors. Premier Wen Jiabao said Sunday he would spend more time reaching out to foreign businesses.

The government has also been eager to encourage Chinese companies to expand abroad to secure raw materials such as oil and natural gas, vital to the economy's growth, as well as picking up advanced technologies and gaining access to overseas markets.

In a sign this push is working, outward investments by nonfinancial sectors totaled $4.66 billion during the January-February period, more than the total during the first quarter of last year, the Ministry of Commerce said in a statement on its Web site. It didn't provide comparative data for the January-February 2009 period. Based on a Dow Jones Newswires calculation, Chinese companies invested $2.30 billion abroad last month, nearly as much as $2.36 billion in January.

China is targeting outward investment in nonfinancial sectors of $46 billion this year, an increase of 6.2%, after such investment rose 6.5% to $43.3 billion last year.

Foreign investment in February, however, fell from January and was the lowest since July 2009, likely because the weeklong Lunar New Year holidays fell in February this year but in January last year.

As of 12 p.m. ET **Euro** 1.3651 ▼ 0.76% **Yen/US$** ¥90.44 ▼ 0.31% **Yen/A$** ¥82.43 ▼ 0.84% **Oil** 79.31 ▼ 2.38% **Gold** 1105.20 ▲ 0.34% **10-year Treasury** ▼ 5/32 yield 3.727% **3-month Libor** 0.25763

Japanese group aims to spark global demand for electric cars
BUSINESS & FINANCE 19

Essar seeks right balance as it ventures abroad
HEARD ON THE STREET 32

BUSINESS & FINANCE.

Tuesday, March 16, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Tommy Hilfiger sold to PVH

Apax Partners to get 13% stake in Phillips-Van Heusen as part of $3 billion transaction

By Jeffrey McCracken And Rachel Dodes

Apparel giant **Phillips-Van Heusen** Corp. agreed to buy **Tommy Hilfiger** for roughly $3 billion, a deal Phillips said would immediately add to earnings.

The transaction, the first major acquisition in retail circles in years, is a big undertaking for New York-based PVH, which has a market capitalization of around $2.4 billion.

Tommy Hilfiger is owned by London-based private-equity firm **Apax Partners**, which had been considering a Hilfiger initial public offering recently but shelved it for the takeover deal instead, said people familiar with the matter.

PVH owns brands such as Calvin Klein and Izod and produces apparel under license for names such as Kenneth Cole Reaction and Donald Trump. Last year PVH started producing dress shirts under license for Hilfiger.

PVH expects the deal to add up to 25 cents a share to earnings, excluding some $100 million of deal-related costs, for the year ending Jan. 30 and up to $1 a share in added profit next year. Analysts surveyed by Thomson Reuters, on average, had projected earnings $3.25 for the current fiscal year. Some $40 million of annual cost savings are anticipated.

The company will pay €1.92 billion ($2.64 billion) and issue €276 million in stock for Tommy Hilfiger. Apax will get 13% of Phillips-Van Heusen stock.

But such accommodations are necessary given the size of the two companies: Hilfiger is valued more highly than PVH, which has about $400 million in debt and about $350 million in total cash. PVH will also seek to refinance between $200 million and $300 million of its existing debt. PVH won't assume Hilfiger's existing debt of roughly €505 million, which will remain Apax's responsibility.

Known for its colorful, preppy aesthetic, Hilfiger was one of the hottest American brands in the 1990s. At its peak, the company generated nearly $2 billion in annual sales in the U.S. But overexposure and changing tastes caused the label to fade in popularity in the U.S. Tommy Hilfiger, who started the company in the 1980s, has no management role but is still involved as "principal designer."

The company went private in a $1.6 billion management-led buyout in 2006, which at the time was the largest privateequity deal in the fashion industry.

For the past few years, the Tommy Hilfiger brand has been expanding in Europe under its chief executive, Fred Gehring, who hired a new, Amsterdam-based design team in 2003.

Agence France-Presse

A display at the Tommy Hilfiger store on New York's Fifth Avenue in February shows the brand's preppy aesthetic.

Lawyers vie for lead roles in Toyota suits

By Dionne Searcey

Lawyers across the U.S. are jockeying for key roles in the litigation against **Toyota Motor** Corp., hoping to emerge as leaders from the scrum of those who have filed dozens of lawsuits.

The suits accuse Toyota of everything from fraud for not being public enough about its sudden-acceleration problems to having used allegedly shoddy electronics that caused fatalities. The volume is so large that a panel of judges will likely consolidate the claims into a handful of cases, legal experts say.

Among the rewards of taking the lead in the suits: influence over the debate about Toyota's role in why some of its vehicles seem to accelerate on their own, a turn in the national spotlight and a potentially big payday from clients.

The first hearing by the body that will oversee the case consolidation, the U.S. Judicial Panel on Multidistrict Litigation, is set for March 25 in San Diego federal court.

The hundreds of lawyers in the running have been forming cliques and building alliances through dinners, meetings and seminars. All the positioning has the air of a high-school election, according to several attorneys involved.

"If not a high-school election then it's at least like being voted most popular," said Mark Lanier, a Houston attorney whose firm has filed numerous suits against Toyota.

Mr. Lanier, who led litigation against Vioxx maker **Merck & Co.** after some users of the pain medicine died of heart attacks, isn't shy about his desire to play a lead role in the Toyota suits. "Pick me, pick me," he said. "Vote for me for class president, please."

Toyota also seeks to have the cases combined into as few suits as possible, according to people familiar with the company's thinking. A company spokeswoman, Cindy Knight, declined to comment.

Juries have approved hundreds of millions of dollars in liability awards through the years for products ranging from tobacco to painkillers to cars. Judges or appellate courts sometimes reduce such awards, but corporations also can offer big settlements before cases reach a jury.

It is likely that more than 100 attorneys will descend on San Diego for the hearing next week, where only a few will be allotted no more than five minutes to make their pitch for the venue where they want their cases to be heard, according to attorneys who plan to attend. Once a judge has been assigned, the attorneys will offer in a formal filing their experience handling similar suits and other reasons the judge should select them to lead the cases.

The attorneys who don't make the cut must pay fees into a com-

Please turn to page 19

Associated Press

Mark Lanier, known for Vioxx suits, is seeking a role in the Toyota cases.

BofA seeks China approval to expand its operations

By Dan Fitzpatrick And Dinny McMahon

Bank of America Corp. plans to seek approval from China to expand its operations in the fast-growing country, where the largest U.S. bank in assets lags many of its rivals, according to people familiar with the situation.

The Charlotte, N.C., bank entered China in 2004 with a branch in Shanghai and has since received approval to handle limited forms of lending and investment banking. Bank of America also holds a minority stake in **China Construction Bank** Corp., the second-largest bank in China.

Bank of America executives are discussing the need to incorporate locally in China, these people said. It isn't clear how much capital the bank is seeking to inject into the unit, although Beijing requires a minimum of one billion yuan ($146.6 million) in registered capital.

Nor is it clear how the bank would use its new powers if approved, though people familiar with the matter said Bank of America more likely would pursue commercial business, rather than the retail banking that is one of its strengths in the U.S.

According to bankers in China, winning permission to pursue new business often is linked to setting up a locally incorporated unit.

"We want to expand our business but have no update on specific licenses," a Bank of America spokesman said.

The move comes as the giant bank is trying to broaden its business around the world under new Chief Executive Brian Moynihan. In China, Bank of America has moved less aggressively than some competitors in its pursuit of certain markets.

China is an alluring market because of its massive deposit base. But some banks have been reluctant to incorporate there, doubting that they can compete for retail customers against rivals who entered China first, let alone the vast networks of China's state-owned banks.

The first foreign banks to get local Chinese licenses were **Citigroup** Inc., **HSBC Holdings** PLC's **Hongkong & Shanghai Banking** Corp., **Standard Chartered Bank** PLC and Hong Kong's **Bank of East Asia** Ltd. They use their licenses to do business with retail customers using local currency. Citigroup takes deposits from Chinese customers under a wholly owned subsidiary called Citibank (China) Co.

Goldman Sachs Group Inc., **UBS** AG, **Credit Suisse Group** and **Deutsche Bank** AG have regulatory approval to underwrite stock and

Please turn to page 26

AIG keeps $21 million in bonuses

Stage is set for a showdown with employees of loss-making unit; additional $46 million in payments made

By Aparajita Saha-Bubna And Serena Ng

American International Group Inc. planned to hold back $21 million in bonus payments Monday to former employees, according to a person familiar with the matter, a move that could set the stage for more battles over employment agreements that have enmeshed the giant insurer in controversy for a year.

Also Monday, AIG was to pay out $46 million to current and former employees of its financial-products unit, the division responsible for the soured trades that precipitated the U.S. government rescue of the company in 2008, the person said.

AIG executives hope that payout will represent the final round of retention payments, or bonuses, arising from contracts with unit employees agreed upon before the company's bailout.

About $105 million was paid out last month as mostly current employees agreed to accept a smaller amount in exchange for an earlier payout.

The payments Monday will mostly go to former workers who left the company after parts of the financial-products business, known as AIGFP, were wound down or sold. Five current employees will divide about $6 million, according to the person familiar with the matter.

The goal of holding back the $21 million is two-fold. First, AIG needs to come up with $5 million more to satisfy pay czar Kenneth Feinberg's demand that AIG recoup about $45 million of the bonuses paid in March 2009 following public outrage over the payouts. AIG employees, mostly current and some former, have agreed to return $40 million, in part by accepting lower 2010 payouts.

More broadly, during that controversy, then-chief executive Edward Liddy committed to trying to reduce the overall retention bonuses the company had to pay to AIGFP employees. Mr. Feinberg has urged that that goal be met.

Both AIG and Mr. Feinberg have said the employment contracts are legally binding. It appears, however, that AIG believes the terms of the contracts enable it to limit payouts under certain circumstances.

Under the agreements, the company can reduce the retention payments by the amount of income former workers have earned after their departure from AIG, the person familiar with the matter said. AIG sent out letters about two weeks ago to 60-70 former employees, asking them how much income they earned after leaving AIG in 2009.

The company thinks it doesn't owe money to some of these employees "because of a variety of factors," said the person familiar with the matter. These "include but are not limited to these former employees earning money away from AIGFP during 2009 as well as other contractual deficiencies."

Andrew Goodstadt, an attorney who represents about a dozen AIGFP former and current employees, said: "Although the employee-retention plan provides for an offset in some circumstances for income earned from another employer outside of AIG in 2009, I'm unaware of any purported contractual deficiencies that would entitle AIG to withhold any of the money that the former employees are entitled to be paid."

The $21 million AIG thinks it is entitled to hold back would cover the $5 million it needs to reach $45 million, plus about $16 million more. The company may still have to pay a portion of the $21 million to former workers who demonstrate that they are owed payments by AIG, the person familiar with the matter said.

Separately, Mr. Feinberg is reviewing new 2010 pay packages for AIG's most highly paid executives, including some at AIGFP.

Most of the individuals who created the unit's problematic mortgage trades have left the firm, and the remaining employees at AIGFP are working to close out or unwind thousands of derivatives tied to interest rates, bonds, currencies and commodities.

As of March 9, AIGFP had reduced the notional amount of its outstanding trades to $800 billion from $1.9 trillion in September 2008, and the number of contracts to 14,800 from 44,000.

Some AIG officials predict it will take at least the remainder of this year for AIGFP to unwind the bulk of its remaining positions and until then, it will need to retain some key individuals to oversee this process. A resolution of the March 2010 retention payments and the terms of new 2010 compensation deals could determine whether the remaining employees at AIGFP stay or depart this spring.

Reuters

AIG executives hope the $46 million will be the final round of retention payments for staff of the financial-products unit..

U.S. biotech OSI rejects bid from Japan's Astellas

By Joan E. Solsman

OSI Pharmaceuticals Inc.'s board rejected Japanese drug maker **Astellas Pharma** Inc.'s $3.5 billion takeover bid, saying the $52-a-share price is too low.

OSI had brushed aside overtures from Astellas for more than a year, also calling them too low, before Japan's second-biggest pharmaceutical company by sales made its hostile takeover proposal earlier this month.

OSI Chairman Robert A. Ingram said Monday the latest offer fails to "fully reflect OSI's fundamental, intrinsic value." He said OSI, Melville, N.Y., is the only profitable, midcap biotech company with a growing, high-quality and fully integrated oncology franchise and a strong diabetes and obesity franchise.

He also said the board "takes its fiduciary duties seriously and will continue to do what's right for OSI stockholders."

Astellas also filed a lawsuit against OSI and its directors when it made its hostile tender offer, seeking to stop them from getting in the offer's way. That included an effort to prevent the board from applying OSI's shareholder rights plan, a so-called poison pill, as Astellas argued that any such move would be "inconsistent with the directors' fiduciary duties."

OSI's only marketed product is cancer drug Tarceva, which it sells with Swiss drug giant **Roche Holding** AG. The drug generates more than $1 billion in annual sales. OSI evenly splits U.S. profits from the drug with Roche, but it receives royalties on sales outside of the U.S.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

Abu Dhabi Investment Authority....25
Alkermes....27
Allied Capital....24
American International Group....18,23
Amylin Pharmaceuticals....27
Angang Steel....27
Anglo American....22
AngloGold Ashanti....22
Anglo Platinum....22
Anil Dhirubhai Ambani Group....21
Apax Partners....17
Apple....10
ArcelorMittal....21
Arrow Energy....27
Baidu....27
Bank of America....17
Bank of East Asia....17
Bear Stearns....24
Boston Scientific....27
BYD....19
Canon....27
Caterpillar....27
Chevron....27
China Construction Bank....17
China Shenhua Energy....27
China Vanke....27
Citigroup....17,23,25
Cnooc....27
Coca-Cola....10
Consol Energy....21
Credit Suisse Group....17,24
Daewoo Securities....20
Daimler....19
Deutsche Bank....17
Dominion Resources....21
Eli Lilly....27
Elpida Memory....27
Ernst & Young....23
Essar Group....32
Exxon....27
Ford Motor....10
Fuji Electric Holdings....27
Fuji Heavy Industries....19
Goldman Sachs Group....17,24
Google....5,27
Greenlight Capital....24
Honda Motor....20,32
Hongkong & Shanghai Banking....17
HSBC Holdings....17
Hynix Semiconductor....20
J.P. Morgan Chase....26
Kawasaki Kisen Kaisha....27
KB Financial Group....27
Korea Exchange Bank....27
Korea Resolution & Collection....20
Korea Line....27
KSK Energy....24
Lehman Brothers Holdings....23,24
Lonmin....22
Mazda Motor....27
Merck & Co....17
Microsoft....10
Mitsubishi Motors....19
Mitsui O.S.K. Lines....27
Nissan Motor....19,20,32
OSI Pharmaceuticals....18
PepsiCo....27
Philips-Van Heusen....17,27
Posco....21
PSA Peugeot Citroën....19
Roche Holding....18
Shanghai Pudong Development Bank....27
Shinhan Bank....20
Shipping Corp. of India....27
Standard Chartered Bank....17
STX Pan Ocean....27
Tata Motors....21
Tokyo Electric Power....19
Tommy Hilfiger....17
Toyota Motor....17,19,20,32
UBS....17,24
Vedanta Resources....21
Volkswagen....20
Wal-Mart....27
Woori Bank....20
Woori Investment & Securities....20

People

This index lists the names of business-people and government regulators who receive significant mention in Today's Journal.

Abouhossein, Kian....24
Ader, David....1,26
Ahrens, Chris....26
Arsenault, Richard....19
Azad, Lingaraj....21
Bausano, Barry....24
Baxter, Thomas C. Jr....24
Buffett, Warren....19
Callan, Erin....24
Capstick, Sean....24
Carroll, Cynthia....22
Ciesielski, Jack....23
Curl, Gregory L....26
Cutifani, Mark....22
Einhorn, David....24
Elop, Stephen....10
Fang Fang....26
Farrell, Thomas F. II....21
Feinberg, Kenneth....18
Gates, Bill Sr....10
Gazi, Thabo....22
Gehring, Fred....17
Goodstadt, Andrew....18
Gruebel, Oswald....24
Heiskell, Edgar....19
Hendrick-Wong, Yuwa....8
Hoda, Anwarul....8
Howard, Tim....19
Inadome, Katsutoshi....26
Jobs, Steve....10
Katsumata, Tsunehisa....19
Kelly, Martin....23
Kengeter, Carsten....24
Knight, Cindy....17
Kumar, Mukesh....21
Lanier, Mark....17
Liddy, Edward M....18
Majhi, Kumti....21
Massey, Walter....26
McCune, Richard....19
Moynihan, Brian....17
Pricco, Jeff....14
Santucci, Christopher....19
Seshoka, Lesiba....22
Sibal, Kapil....8
Sikes, James....19
Slavik, Don....19
Snyder, Eric....19
Toyoda, Akio....19,20
Tracy, Todd....19
Turner, Lynn....23
van der Woude, Sietse....22
Villiger, Kaspar....24
Wang Chuanfu....19
Wood, Stephen....27

Japanese group to promote electric cars

Auto and power companies form alliance and seek to establish global standard for vehicle-charging technology

By Yoshio Takahashi

TOKYO—Major Japanese car and power companies plan to work together to bring their electric vehicle-charging technology to overseas markets, seeking to speed up the adoption of technology needed to spark demand for electric cars.

Toyota Motor Corp., **Nissan Motor** Co., **Mitsubishi Motors** Corp., **Fuji Heavy Industries** Ltd. and **Tokyo Electric Power** Co. said they have set up an association to promote the use of their jointly developed quick-charging technology.

The companies aim to make the technology the de facto global standard by promoting its use in markets in which they plan to roll out electric cars.

"Our main activity will be to standardize chargers overseas," said Tokyo Electric Power Chairman Tsunehisa Katsumata, who heads the new group, speaking at a meeting open to the media on Monday.

An additional 158 business entities and government bodies, including 20 foreign companies such as Robert Bosch GmbH of Germany, **PSA Peugeot Citroën** SA of France and Korea Electric Power Corp., are expected to become members of the association. The group is called CHAdeMO, which is derived from the words "charge" and "move."

In Japan, charging methods are mostly unified through technology developed by Tokyo Electric Power and its auto-maker partners. Vehicle chargers aren't sold on a commercial basis in other markets, said Takafumi Anegawa, general manager of Tokyo Electric Power's mobility-technology group.

Mitsubishi Motors became the maker of the world's first mass-produced electric car through the launch of its i-MiEV model in Japan last July. The company plans to roll out the i-MiEV in Europe, as well as supply it to partner PSA Peugeot Citroën, by the end of the year.

Nissan said it will introduce its Leaf electric vehicle in the U.S., Europe and Japan this autumn.

Toyota plans to launch electric vehicles by 2012 in the U.S., while Fuji Heavy Industries, in which Toyota owns a 16% stake, launched an electric car in Japan last year.

Bloomberg News

Tokyo Electric Power Chairman Tsunehisa Katsumata, third from left, heads the new alliance of Japanese companies.

BYD plans jump in spending

By Joanne Chiu

HONG KONG—Chinese battery and car maker **BYD** Co. said Monday it plans to boost capital spending 59% in 2010 to expand its automobile production amid robust domestic demand.

China replaced the U.S. as the world's biggest auto market last year, when sales in China rose 46% to 13.6 million cars as the government introduced measures to encourage auto purchases amid the global financial crisis. Shenzhen-based BYD benefited from those measures, which helped the company more than double its sales to 450,000 cars in 2009. The car maker reiterated Monday its target of selling 800,000 autos this year.

BYD, which was thrust into the spotlight after a company controlled by Warren Buffett bought a 9.89% stake in BYD in 2008, said it has set aside 10 billion yuan ($1.47 billion) to expand three auto-manufacturing facilities and market the launch of its first fully electric car in the U.S.

The company's capital expenditure totaled 6.3 billion yuan last year.

BYD Chairman Wang Chuanfu said Monday the company is on track to launch its all-electric car, the E6, in the U.S. during the second half of 2010. Mr. Wang added that the company will target government institutions, celebrities and environmentalists as initial customers.

He said the company plans to open a U.S. sales headquarters to prepare for the launch of the E6.

"Export sales will definitely increase after the launch of the E6, but it will take time for exports to contribute to a significant portion of the company's revenue," Mr. Wang said at a news conference.

The company plans to launch the E6 in Shenzhen later this year, while the hybrid F3DM will be available starting in April.

Mr. Wang said he expects the company's car-making operations to contribute more than 60% of its 2010 revenue, up from 53% in 2009.

Reuters

BYD Chairman Wang Chuanfu leaves a news conference in Hong Kong Monday.

On Sunday, BYD said its 2009 net profit more than tripled to 3.79 billion yuan amid strong car sales.

Earlier this month, the company agreed to team up with **Daimler** AG of Germany to develop electric cars for the Chinese market. Mr. Wang said Monday that BYD and Daimler will set up a research-and-development center to develop a joint-branded vehicle, but didn't give a time frame.

Established in 1995, BYD began as a manufacturer of rechargeable lithium-ion and nickel batteries but has branched out into producing cellphone parts and alternative-fuel cars.

Its background in battery production caught the attention of Mr. Buffett as interest in electric vehicles grew amid surging oil prices and the likelihood of international efforts to reduce emissions from fossil fuels.

Mr. Buffett's investment helped underpin the company's ambition to sell cars in developed markets such as the U.S.

Lawyers vie in Toyota suits

Continued from page 17

mon fund that will go to pay the key lawyers for representing the cases of those relegated to the sidelines.

Richard McCune, a Redlands, Calif., attorney, said he deserves a lead role because he has handled auto-defects litigation, some against Toyota, for the past 15 years.

"This is an important case that affects a lot of people," Mr. McCune said. "Anybody would be fooling with you if they said the financial equation doesn't play into it at all."

Louisiana personal-injury attorney Richard Arsenault is organizing a "Toyota Symposium" on the eve of the San Diego hearing with sessions led by attorneys for auto insurers, personal-injury attorneys, defense attorneys and others. Topics of sessions include "Liability issues: The Mechanical vs. Electronic Debate (From Ford to Toyota: Lessons Learned)." Mr. Arsenault, who himself would like a key role in the suits, said several attorneys have called him to ask if they could appear on the agenda.

Two weeks ago, about 80 lawyers gathered at a Chicago hotel to talk about strategies for their suits, said Tim Howard, who is coordinating several dozen Toyota claims filed in 35 states. Mr. Howard, a law professor at Northeastern University, said lawyers sometimes get sharp elbows when vying for a top spot in class-action suits. But he said the Chicago meeting was largely cordial. "We're creating our own Toyota plaintiff nation—a civil society," he said.

The suits include nearly 80 that seek class-action status, which mostly involve plaintiffs who say their Toyota cars and trucks have lost value in the wake of the company's recalls of more than eight million vehicles world-wide. They also involve personal-injury and wrongful-death suits.

The legal strategies are varied. Don Slavik, a one-time nuclear engineer who has sued Toyota over a fatal accident, is digging into the electrical system of the vehicles, alleging it is responsible for sudden unintended acceleration.

Toyota has maintained there is nothing wrong with its vehicles' electronics and has said sticky accelerators or misplaced floor mats are to blame for sudden-acceleration reports.

On Monday, the U.S. Transportation Department said investigators have yet to find evidence to explain what may have happened to the Toyota Prius that was involved in an incident on a California highway last week. Engineers spent the past week probing the Prius driven by 61-year-old James Sikes, who called 911 last Monday and told the operator his blue 2008 Toyota Prius had sped up to more than 90 miles per hour on its own on. He eventually brought the vehicle to a stop after a California Highway patrolman pulled alongside Mr. Sikes and offered help.

Edgar Heiskell and Eric Snyder, representing the estate of Guadalupe Alberto, who was killed when her Camry accelerated out of control, obtained a key deposition from Christopher Santucci, Toyota's liaison to federal regulators, that was cited repeatedly in congressional hearings and highlighted the close relationship between the company and regulators. The two lawyers are waiting for a judge to rule on whether they also can depose Toyota's two top executives in the U.S.

Other lawyers are focused on the words of Akio Toyoda, the head of Toyota, when he testified last month before a congressional committee. "As the CEO of the company, I will make sure that we will never, ever blame the customers going forward," Mr. Toyoda told lawmakers.

Todd Tracy, who filed several suits tied to sudden acceleration against Toyota, said he planned to refer to that remark in court if the company's lawyers try to blame his clients for their accidents.

"Here is the No. 1 person in Toyota telling Congress they won't do that," he said, adding that when he heard the remark he "almost fell over in my chair."

CORPORATE NEWS

Hynix creditors raise funds

Eight firms bring in $813.5 million through sale of shares

By Amy Or

HONG KONG—Creditors of South Korea's **Hynix Semiconductor** Inc. have raised US$813.5 million by pricing the sale of a roughly 6.7% stake in the chip maker at the top end of its indicative price range, a person familiar with the situation said Monday.

Eight Hynix creditors sold 39.28 million shares at 23,500 won a share, or the top end of a 22,800 won to 23,500 won indicative price range, the person said.

Hynix shares defied the broad market's 0.8% decline Monday and closed 1.1% higher at 23,500 won—at the top end of the indicative range, reflecting investors' confidence in the demand for the share sale. The South Korean chip maker is benefiting from a rebound in chip prices amid a global recovery in demand.

The person added that the allocation was slightly biased toward domestic investors in South Korea as the interest was stronger there.

Bloomberg

The chip maker is benefiting from rebounding prices amid a recovery in demand.

The creditors selling shares in Monday's placement are **Korea Exchange Bank, Korea Resolution & Collection** Corp., Shinhan BNP Paribas Asset Management Co., **Woori Bank, Shinhan Bank, National Agricultural Cooperative Foundation**, **Daewoo Securities** Co. and **Woori Investment & Securities** Co., people familiar with the matter said earlier Monday.

The block sale, the first of two expected share placements, will enable Hynix creditors to recoup funds invested in the chip maker in a series of bailouts since 2001, aimed at building up the company and keeping it in South Korean hands.

Hynix is the world's second-largest maker of dynamic random access memory chips by sales after Samsung Electronics Co., also based in South Korea.

A Hynix spokeswoman declined to comment on the share sale .

WEEKEND JOURNAL
ASIA

Published with every Friday's edition of The Wall Street Journal Asia, Weekend Journal Asia explores the best of travel, fashion, film, dining, wines & spirits, art, sports and more, all with a distinctly Asian flavor.

Subscribe to The Wall Street Journal Asia today at wsj-asia.com/sub/34.

Audi case in '80s could guide Toyota

By Joseph B. White And Dionne Searcey

Auto makers deal with many problems, but "sudden acceleration" is one that causes a special fear. The reason is what happened to Audi AG.

During the months of controversy over reports of sudden acceleration involving **Toyota Motor** Corp. vehicles, the Audi sudden-acceleration scare of the 1980s has been raised by industry executives, members of Congress, lawyers and safety advocates.

The Audi case helped set the template for the high-stakes auto-safety scandal Toyota faces today. Audi, a unit of **Volkswagen** AG, was ultimately exonerated of building defective cars, but not before its sales and reputation took a pounding at a strategically critical moment.

Now, as Toyota faces a raft of lawsuits over unwanted acceleration, and continuing government investigations into the issue, it must simultaneously work to win back customer confidence.

The Japanese firm has become more aggressive in recent days, lashing out at ABC News for using a misleading video in a report on Toyota's troubles. It is also offering rich discounts to lure back buyers.

It took Audi 15 years to rebuild its U.S. sales to the level the company had achieved before the CBS show "60 Minutes" made sudden acceleration a household phrase in November 1986.

The "60 Minutes" segment, featuring the late Ed Bradley, showed owners of the Audi 5000 sedan who said their cars had suddenly and unexpectedly surged out of control. Some of the people were suing the company.

To dramatize the problem, "60 Minutes" showed an Audi 5000 moving on its own. Later, a consultant for plaintiffs lawyers disclosed he had altered the car's transmission for the shot, according to media reports.

In a subsequent report, the show discussed a 1989 study sponsored by the U.S. government that concluded the sudden acceleration in Audis was largely the result of driver mistakes, not mechanical issues.

A "60 Minutes" spokesman said, "There's nothing to add to the last update, broadcast 21 years ago, that included the NHTSA findings."

Doubts about the safety of Audis hit the German brand just as Japanese auto makers **Honda Motor** Co., Toyota and **Nissan Motor** Corp. were launching their own luxury brands, building on reputations for high quality.

Audi U.S. sales plunged 84% between 1985 and 1991, amid a broad slump in the U.S. economy, bottoming out at just 12,000 vehicles annually.

Audi got some relief from the 1989 study that blamed driver's errors. The researchers found that electronic faults in the idle-control systems of Audi 5000s could cause a short-term power surge that could startle drivers into hitting the gas pedal instead of the brake. The researchers also said the close placement of pedals in the Audi 5000—which were of a different size and configuration than many Detroit models—could lead drivers to mistake the gas for the brake.

The report's recommendations: move the pedals farther apart, raise the brake pedal so it was harder to hit both the brake and gas at once, and install a "shift-lock" that prevented a driver from shifting the car into drive without having a foot on the brake.

The report found that cars equipped with a shift-lock had fewer complaints of sudden acceleration.

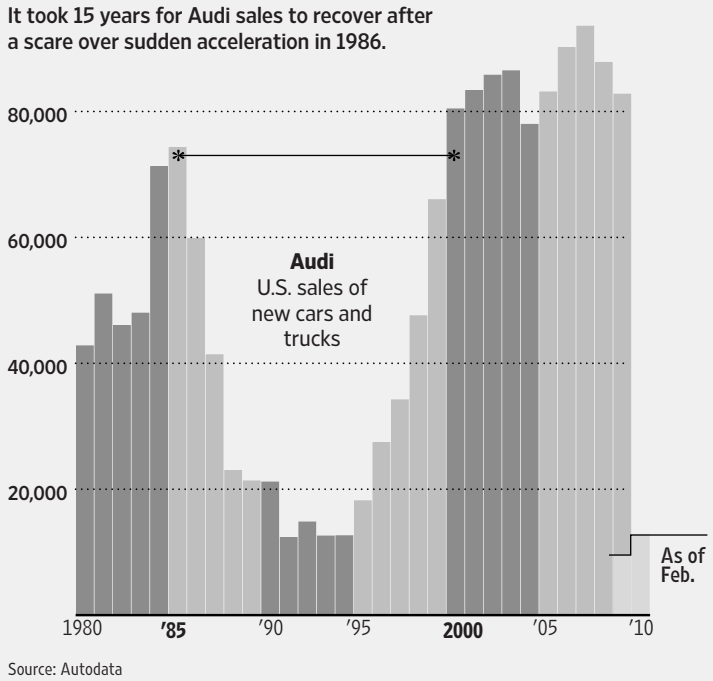
Audi trumpeted the report's findings in newspaper ads. But the one-two punch of consumer fear and intensified competition left the car maker weakened for years. It wasn't until 2000 that Audi's U.S. sales returned to their precrisis level.

Whether Toyota is fated to retrace Audi's sales collapse isn't clear. The Japanese auto maker's U.S. sales took hits in January and February amid its flurry of recalls and tough Capitol Hill hearings, during which Chief Executive Officer Akio Toyoda apologized for safety lapses. This month, Toyota launched aggressive discounts to spur sales, and dealers say it appears the aggressive sales incentives are working so far.

—Alex Kellogg contributed to this article.

Uphill in low gear

It took 15 years for Audi sales to recover after a scare over sudden acceleration in 1986.



Source: Autodata

CORPORATE NEWS

India cites violations at Vedanta project

Environment ministry sets further inquiry into plan to build bauxite mine in Orissa state; tribal protest heats up

By Prasenjit Bhattacharya And Eric Yep

MUMBAI—Vedanta Aluminium Ltd.'s operations in Orissa state could suffer a setback after a government team said the company, a unit of mining giant **Vedanta Resources** PLC, violated environmental guidelines at its planned mining site in the Niyamgiri Hills.

India's environment minister, Jairam Ramesh, said he will seek "follow-up action" with the Orissa state government after a ministry panel sent to the region submitted three reports saying Vedanta started work on its mining project before receiving final clearances.

The minister also said the project—extracting bauxite ore for Vedanta's alumina refinery in the foothills—may have violated rights of the 8,000-member Dongria Kondh tribe living in the Niyamgiri Hills.

"The letter and spirit of the Forest Rights Act of 2006 has not been implemented by Vedanta," Mr. Ramesh said, referring to the law that governs rights of tribes on forest lands they inhabit.

Mr. Ramesh didn't say what the follow-up action might be or provide further details. Any delay will further hurt Vedanta's alumina refinery in Lanjigarh, which needs access to the mines to help it turn profitable.

Mukesh Kumar, chief operating officer of Vedanta's Lanjigarh refinery, said the company hasn't violated any government guidelines or tribal rights.

He said there was "some confusion" in the interpretation of laws regarding the work Vedanta has done around the mine on land leased from the Orissa government. "We are confident of final clearance for the project," Mr. Kumar said.

Vedanta has been awaiting final clearance for the operations since December 2008. The company has raised $2.5 billion to fund bauxite mining in Niyamgiri and to expand its alumina refinery from one million tons a year to a five-million-ton facility over the next three to four years. Currently, the Lanjigarh refinery is running on losses, as bauxite carted from faraway mines across India has led to ballooning costs.

Reuters

Vedanta's alumina refinery in Lanjigarh, above, needs access to a planned bauxite mine to turn profitable.

In an effort to win local support to access Niyamgiri's 75 million metric tons of bauxite reserves, Vedanta has set aside $4.5 million with the state government to offer employment training and to build health and education facilities for the Dongria Kondh tribe. Once mining starts, the company will continue to contribute 5% of the pretax profit from mining.

The company and the Orissa government say no tribal populations will be displaced as a result of the project, but global activist groups dispute that claim.

The Dongria Kondh tribe is one of India's most reclusive and traditional. Many of them oppose a bauxite mine cropping up near their homes because they say it could dry as many as 36 streams and two rivers that cross the hills, while the noise, dust and pollution could kill off mango, pineapple, orange and other fruit plantations, a key source of food for the local people.

They have been supported by Amnesty International, Action Aid and Survival International among others, who say that the tribe's unique language, culture and customs aren't expected to survive if the tribe is displaced from the region. The community's spiritual and cultural beliefs are closely tied to the hills, which the tribe worships as Niyam Raja or King of Order.

Last month the Church of England and the Joseph Rowntree Charitable Trust sold off their $5.7 million and $2.85 million Vedanta investments, respectively, citing moral outrage against mining the Niyamgiri Hills. "Quit Niyamgiri, that's the only demand of tribals. They don't want the company to give them jobs, housing or any other consideration," said Bratindi Jena, an activist with U.K.-based Action Aid, who works in the region.

The question of how to balance the interests of companies seeking to expand in sensitive areas and the local populations who fear disruption to their way of life has become an acute issue of national importance in India. Corporations such as **ArcelorMittal**, **Posco**, **Tata Motors** and the **Anil Dhirubhai Ambani Group** all have faced opposition to plans to acquire land for projects they say will deliver better livelihoods for locals.

The protest against Vedanta has gained intensity. At a hilltop ceremony Feb. 21, the Dongria Kondh tribe "vowed to wage war against Vedanta," said Kumti Majhi, a tribal leader, in an interview. "The hills are not the property of the government to give them to Vedanta. They belong to us," he said.

"The movement so far has been nonviolent, but it can turn violent if mining starts in the region," said Lingaraj Azad, a local activist with the Niyamgiri Protection Committee, the biggest local activist group spearheading the movement, with representation from global nongovernment organizations, tribal members and local people.

Rio Tinto and Chinalco in talks on Guinea mine

By Jeffrey Sparshott And Robert Guy Matthews

Rio Tinto and **Aluminum Corp. of China** Ltd. are in advanced talks to jointly develop the Simandou iron-ore project in the West African nation of Guinea, according to a person familiar with the matter.

An agreement with the Chinese company, known as Chinalco, could offset some of the continuing cost of the projected $6 billion Guinea mine project. Anglo-Australian Rio Tinto is spending about $10 million a month to develop and explore the mine in anticipation of selling the ore commercially.

The talks apparently are looking toward an exchange of intelligence on how to develop mining projects in Guinea, one of the most mineral- and metal-rich countries in Africa, rather than Chinalco selling iron ore, although that could be a future option. The negotiations are also looking at whether Chinalco money could be invested in offsetting future development costs of the mine.

The negotiations regarding the Guinea project were previously reported in the Sydney Morning Herald. A Rio Tinto spokesman declined to comment on the report.

Tom Albanese, Rio Tinto's chief executive, said earlier this year that he wanted to strengthen ties between his company and China, despite that country's detention of four Rio Tinto executives on charges of corporate spying.

Rio Tinto has had trouble trying to develop the big Guinea mine. It is fighting a government ruling that stripped it of the northern section of land the company hoped to mine for iron ore, giving it to another miner. So far, Rio Tinto has been unsuccessful, but it hopes the current government will overturn the previous government's ruling against the company.

"The world of real estate is seeing big opportunities to tackle the issue of global warming while continuously providing comforts in property estate. The theme 'Green Property' therefore fits the 61st FIABCI World Congress as a manifestation of achieving balance between continuous development and environmental protection."
CIPUTRA, PAST FIABCI WORLD PRESIDENT
SAVE THE WORLD
GREEN SHOOTS
FOR SUSTAINABLE
REAL ESTATES
24-28 MAY 2010
www.fiabci61stworldcongress-bali.org
FIABCI 61
WORLD
CONGRESS
BALI 2010
INDONESIA
HOSTED BY
FIABCI INDONESIA
INTERNATIONAL MEDIA PARTNER
THE WALL STREET JOURNAL.
With full support from Real Estate Indonesia and Indonesian Association of Real Estate Brokers
FIABCI INDONESIA
Rukan Simprug Indah
Jl. Teuku Nyak Arief No. 9B
Jakarta 12220, Indonesia
Tel +62 21 72789105
Fax +62 21 72789155
Email secretariat@fiabci-indonesia.org
www.fiabci61stworldcongress-bali.org

CORPORATE NEWS

Mine shutdowns increase in South Africa

Global mining companies complain costs are increasing as government safety inspectors suspend operations

By Jeffrey Sparshott

CAPE TOWN, South Africa—Global miners pursuing veins of gold and platinum thousands of feet deep here are running up against a spate of safety-related work stoppages, driving costs higher and hindering the industry's recovery even as demand for precious metals picks up.

In 2009, South African government mining inspectors ordered one of the world's biggest gold miners, **AngloGold Ashanti** Ltd., to suspend sections of its operations 44 times; that compared with 20 times in 2007. The suspensions contributed to a 14% production decline at the company's South African mines from a year earlier.

Lonmin PLC, the world's third-biggest platinum miner, said it lost about 5% of its production during its 2009 fiscal year due to safety-related work stoppages, more than twice the figure from the previous year.

South African government inspectors ordered its global competitor, **Anglo Platinum** Ltd. to stop work 61 times in the year. Angloplat, a unit of **Anglo American** PLC, said the mine closures lasted anywhere from a few minutes to a few days.

The work stoppages come amid a renewed emphasis on safety in South Africa across an industry with a deadly track record. Companies, unions and the government together pushed for an improvement in safety after a series of accidents in 2007 reversed what had been a trend of declining fatalities.

The companies themselves have applied higher safety standards, and fatality rates have declined in the past two years. But executives say safety-related suspensions imposed by the government are hammering companies already smarting from the country's rising labor and electricity prices.

South Africa's Chamber of Mines industry group has said existing rules are too vague and inspectors aren't always applying them fairly and consistently. "While we believe it is important that the law gets enforced properly, there have been serious concerns about the actions that have been taken," said Sietse van der Woude, safety and sustainable development adviser for the industry group.

Miners are pushing for new guidelines to make clearer the circumstances in which inspectors should order work stopped. "There are also challenges around inspector training and experience," Mr. van der Woude said.

Safety-related work stoppages have risen sharply under a chief inspector, Thabo Gazi, who arrived at his post in 2007. He acknowledges the companies' concerns. "There has been an outcry that there's no guidelines, and a feeling from people that sometimes inspectors are issuing indiscriminately," he said.

Bloomberg News

A worker drilled at the Impala Platinum mine in Rustenburg, South Africa, in 2008.

The office is working on new guidelines for inspectors and companies so that it is clearer when operations should be shut, but the inspectorate is "not necessarily cutting back on the number" of stop-work orders, he said. "When inspectors go inside and they feel there is a danger," said Mr. Gazi, "they take action."

Spot platinum prices have more than doubled from depressed 2008 levels, as one of the industry's biggest customers, the automotive industry, recovers from a global downturn.

Platinum is used in catalytic converters to scrub pollutants, as well as in jewelry. As the world's largest producer of the metal, South Africa stands to gain the most when prices rise.

Likewise, the country's gold miners here are hoping to squeeze more profit from strong prices, which soared 52% during 2009 as investors fled risky assets and bought gold. South Africa accounts for roughly one-tenth of the world's gold output.

This demand has stoked a delicate debate about how to speed up the extraction of deeply buried precious metal while protecting workers. Union leaders say that despite the decline in fatalities, South Africa's deep mines still aren't safe enough. for workers.

"I see small steps and hear big noise," said Lesiba Seshoka, spokesman for the National Union of Mineworkers, the industry's biggest union.

In contrast to countries where many mines are above ground, South Africa's mines tend to be deep, dark and slippery. Seismic activity can shake ground loose, sometimes killing those beneath.

In the 1990s, mine safety came into focus. At the time, South Africa had emerged from apartheid and was moving to multiracial democracy.

Unions were becoming more powerful and a once-isolated industry opened up to international investment and looked toward international safety standards.

Companies in 2003 pledged to reach international safety benchmarks—set by countries like Australia and Canada by 2013. An uptick in accidents in 2007 pushed companies to take more concrete action.

A total of 220 workers were killed in mining related accidents in the country in 2007, up 10% from the year before, and amounting to 45 deaths per 100,000 workers. The rate compares dismally to countries such as Australia, where five workers died per 100,000 that same year.

Cynthia Carroll became chief executive at Anglo American, one of the world's biggest miners, in 2007, and had to deal with a string of mining deaths. With 16 deaths total, 2007 would go on to be the deadliest year in more than a decade at the Rustenburg complex, northwest of Johannesburg.

Ms. Carroll suspended operations at Rustenburg that year for five weeks and initiated a crash safety awareness program. Top company executives met with management at each mining shaft to emphasize compliance with safety rules and to reiterate that employees have the right to stop work if safety standards aren't met.

The company followed the initial meetings with mass training sessions at Rustenburg's Bleskop Stadium, question and answer sessions with supervisors and workplace safety audits. to identify causes for the spate of accidents.

Angloplat changed its leadership, appointing Neville Nicolau as chief executive in May 2008; fatalities were 13 in 2009, down from a 25 in 2007.

AngloGold Ashanti's chief executive Mark Cutifani also took the position in 2007 and also made changes designed to improve safety. The company commissioned a report to look at causes of worker fatigue and, as a result, converted on-site accommodations from shared rooms to single rooms.

The South African government says the mining industry has followed its lead on safety. Mr. Gazi said the inspectorate better enforced existing laws.

For example, it is looking more closely at walls and roofs around areas that have just been blasted before allowing the next shift to start excavation work, and also shutting down entire mining shafts rather than just work areas within shafts.

But he said his office could use more resources to better retain or increase its team of about 200 inspectors.

MORNINGSTAR
2009
Morningstar Fund Awards for Year 2009
The Winners Are?
Join us
in recognizing funds that have demonstrated excellent investment skill and the strength to deliver long-term outperformance, in a series of events in Asia throughout March and April 2010 to celebrate the success of the Morningstar Fund Award Winners:
Market Date
Taiwan 19/03
India 22/03
Hong Kong 25/03
Singapore 29/03
Malaysia 31/03
Thailand 02/04
The Wall Street Journal Asia will publish the Morningstar Fund Awards winners one day following each event
Further information: http://hk.morningstar.com/fundawards/
media partner
THE WALL STREET JOURNAL. ASIA
MORNINGSTAR

MARKETS

Price gap puts spice in sugar dispute

Food companies press U.S. to allow more imports; Agriculture Department expected to weigh reallocating quotas

By Carolyn Cui

The gap between what Americans and the rest of the world pay for sugar has reached its widest level in at least a decade, breathing new life into the battle over import quotas that prop up the price of the sweet stuff in the U.S.

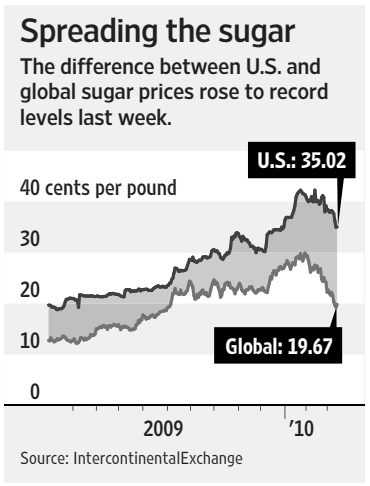
For years, U.S. prices have been artificially inflated by import restrictions designed to protect American farmers. That has kept the price well above the global market.

But in recent days, the difference between the two has ballooned, giving new impetus to U.S. sugar processors and confectioners to step up their campaign to pressure the government to increase import limits.

Attention to sugar prices, and the dwindling supply of sugar left in U.S. warehouses, has intensified in the lead up to April 1, after which the U.S. Department of Agriculture can review and change the import quotas, which now stand at 1.3 million metric tons.

Sugar users have long been vocal critics of the quotas but have failed to convince the government to change the limits. The quota has remained unchanged since it was imposed in 1990, except for two temporary increases after Hurricane Katrina in 2005 and a major refinery explosion in 2008.

While the chances of an overall increase this year appear slim, it is expected that the USDA might shift quotas away from countries that hold quotas but are no longer exporting sugar and reallocate the quotas to countries able to export.



The current sugar quotas are based on trade statistics from the 1970s. Countries such as Jamaica and Haiti haven't been sending raw sugar to the U.S. for years because their production is mainly used internally. That meant imports came in at about 1.2 million tons, 180,000 tons below the official quota.

Analysts think the USDA is likely to reallocate these idle quotas after April 1—a practical solution to pacify the tension between users and growers. If it takes effect, it would effectively narrow the price gap, as more sugar will be taken off the world market and enter the U.S. Growers haven't come out against the idea of reallocation of the quotas, but they are against an overall increase in total imports.

According to the Farm Bill passed in 2008, the USDA can reassess market supply and demand conditions and determine whether additional imports are needed as early as April 1. A USDA spokesman said the government is monitoring the market and would make "adjustments during the year, as needed, to ensure an adequate supply of sugar for the domestic market."

While global prices have slumped 34% since Feb. 1 from 29-year highs, U.S. prices have fallen far less. U.S. prices last week traded at their highest level relative to the global price since 1999, reaching 17.32 cents a pound, more than twice the historical average of around 8 cents, according to the IntercontinentalExchange Inc., an Atlanta-based electronic exchange for energy and farm commodities.

About 85% of the sugar consumed by Americans grows domestically, with the rest imported from about 40 countries under a quota-allocating system and Mexico, which isn't bound by the program under a free-trade treaty. Within the quota, exporters get higher prices paid by U.S. buyers but are subject to stiff tariffs once that limit is exceeded.

Imperial Sugar Co., the country's second largest buyer of sugar behind Domino Foods Inc., wants the government to almost double the quota to 2.2 million tons, Patrick Henneberry, the company's senior vice president, said in an interview.

"We are always concerned when supplies are artificially constrained," Mr. Henneberry said.

The Sugar Policy Alliance, an industry group of sweetener users including giant food makers General Mills, Inc., Kraft Foods and The Hershey Co., wrote to Congress last month, urging lawmakers to press Secretary of Agriculture Tom Vilsack to relax the quotas.

"USDA has not recognized the seriousness of the situation," Lawrence Graham, chairman of the alliance, wrote.

The current price is "almost unheard of, even under this protectionist policy," Mr. Graham wrote.

That followed a plea by the companies last summer, when they told Mr. Vilsack that the quotas put the nation in danger of running out of sugar.

Sugar growers have used their lobbying muscle to fend off any increase in quotas for decades.

The efforts by big brands to ease imports are just an attempt to "boost profits," according to Phillip Hayes, a spokesman for the American Sugar Alliance, a trade group of cane and sugar-beet farmers.

On Friday, U.S. raw-sugar prices closed at 35.02 cents a pound, a premium of 15.35 cents to the global price of 19.67 cents. At these levels, it is becoming almost economical to import sugar, even with the payment of a tariff of 15.36 cents a ton and freight, said Tom Earley, executive vice president of Promar International, a food and agriculture consulting company.

Sugar has been on a rollercoaster over the past eight months. Global raw-sugar prices doubled and shot up to a 29-year high on Feb. 1, as bad weather curbed production in Brazil and India, the world's two biggest producers.

In recent weeks, global sugar tumbled as the supply situation in Brazil and India improved. But U.S. prices only dropped slightly, mainly because of the controls on imports.

In its latest report, the Agriculture Department projected that the domestic market will be left with 38 days worth of consumption by the end of September, down from 49 days in the previous year.

This will be the lowest sugar stocks in at least 15 years, says Robert Lindon, executive vice president of Connell Commodities, a Naperville, Il.-based advisory firm for food companies. "It is not a sustainable level for the industry," he says.

—Timothy W. Martin contributed to this article.

After Lehman report, focus could move to auditors

By David Reilly

Unlike past market meltdowns, auditors have escaped much of the blame in the current financial crisis. The focus on **Ernst & Young** LLP in the report released last week by the bankruptcy examiner for **Lehman Brothers Holdings** Inc. changed that.

The report claimed there may be sufficient evidence to support claims of negligence and malpractice against E&Y in connection with its audits of Lehman and failure to act upon claims from a whistleblower that Lehman's accounting for a trade known as "Repo 105" was misleading.

The examiner alleged that this Repo 105 maneuver allowed Lehman to shift $50 billion in assets off its books and make the firm appear financially stronger than was really the case. In a statement Friday, a spokesman for E&Y said the firm reviewed the accounting for Lehman's Repo 105 deals "on a number of occasions. Our view was, and continues to be, that Lehman's accounting policy for these repo transactions complied with generally accepted accounting principles. The Examiner has not concluded otherwise."

Thus far in the financial crisis, the blame for the troubles at companies such as Citigroup Inc. Fannie Mae, Freddie Mac and American International Group Inc. has fallen on the bankers, regulators and ratings firms, in part because few companies were allowed to fail. That has precluded the kind of in-depth bankruptcy-court examination that resulted after Lehman's collapse. This approach contrasts with the bursting of the tech-stock bubble, when the implosion of Enron Corp. and WorldCom Inc. put auditors directly on the hot seat. Enron's auditor, Arthur Andersen, was indicted and failed as a result, while other accounting firms were forced to pay out billions of dollars in damages in civil lawsuits that claimed they were either complicit in improper activities or were toothless watchdogs.

Sipa Press/Associated Press

HOUSE OF PAIN: The Lehman Brothers building in Manhattan in 2008. Ernst & Young allowed its 'Repo 105' deals.

Those scandals led to the Sarbanes-Oxley Act, which changed some key ways in which accounting firms operate and are regulated. The current financial reform proposals make scant mention of auditors, though the Lehman case may change that.

While E&Y maintains its audits were proper, the accounting for Lehman's Repo 105 deals appears dubious to some outside experts.

"Unless it's in 'Alice in Wonderland,' I've never seen this," said Lynn Turner, former chief accountant of the U.S. Securities and Exchange Commission. Even if the deals are within the technical bounds of accounting rules, experts say it appears they failed to reflect the deals' true purpose. A former Lehman executive agreed, the report suggests. Martin Kelly, who was Lehman's global financial controller and the whistleblower referred to in the report, told the bankruptcy examiner "the only purpose or motive for the transactions was reduction in the balance sheet."

So if Lehman stepped over the accounting line, where might that have happened? Lehman, like many other banks, often engaged in repo, or repurchase, transactions, exchanging securities for cash for days or weeks. These are usually accounted for as a financing arrangement akin to a loan. The accounting rules allow in limited circumstances for a repo to be treated as a sale of securities. By doing these deals, Lehman hoped to calm investors worried about how much money the firm borrowed.

To qualify for sales treatment, a firm has to show that it no longer controls securities being exchanged in a repo transaction. One possible proof of a lack of control is that the securities being exchanged are worth far more than the cash being received. In that case, the reasoning goes, the bank couldn't afford to buy them back and so theoretically doesn't control them. Guidance in the accounting rules suggests that an exchange of securities in excess of 102% of the cash value would show a lack of control. So Lehman exchanged securities worth 105% of the cash it received, which is why they were called Repo 105 deals, according to the report.

But the guidance doesn't say the 102% level is definitive proof of a lack of control. And Lehman should have had some economic reason for the 105% level, said Jack Ciesielski, editor of the Analyst's Accounting Observer. It isn't clear that that is the case, especially given Mr. Kelly's statement to the examiner and the fact that Lehman used a standard 105% level apparently regardless of the deal.

The firm had to clear another hurdle to gain sales treatment—legal backing for its position the assets were being truly sold. The firm's own internal accounting policy, according to the examiner's report, said this generally wasn't possible under U.S. law. So Lehman sought and received a legal blessing from a U.K.-based law firm under English law. The problem, accounting experts said, is that if an accounting treatment isn't allowed for a U.S. parent company, transferring a deal to an overseas subsidiary isn't likely to pass muster.

Lehman and the shorts

[Marketbeat]

By Matt Phillips

Traders who sell stock short became political footballs during the financial crisis.

They were pointed to as the source of the problems for financial firms, and the U.S. Securities and Exchange Commission even temporarily banned short-selling of some financial stocks.

Defenders say investors betting against a stock send important price signals to the market.

The report on **Lehman Brothers Holdings**' demise by a U.S. bankruptcy-court examiner may add fuel to the debate, as it contains some interesting detail on short sellers, most famously David Einhorn, a Lehman critic and manager of the hedge fund **Greenlight Capital**.

Mr. Einhorn delivered a speech highly critical of Lehman to a group of high-profile investors just as worries about Lehman were hitting a fever pitch and the stock was plunging.

Here is the examiner's take on that speech:

"Before that presentation, Einhorn had corresponded with [Lehman CFO Erin Callan] in mid-May 2008, as part of what he described as fact-checking in advance of his presentation at the Ira Sohn Conference.

Sipa Press

David Einhorn: As others worried, he spoke about problems at Lehman Brothers.

"Einhorn focused on four major issues...:

(1) Lehman's disclosures regarding [collateralized debt obligation] exposure and related write-downs;

(2) the difference between the amount of Level III assets disclosed in the Form 10Q filed in February 2008 and during Lehman's first quarter 2008 earnings call;

(3) Lehman's disclosure and valuation of its stake in **KSK Energy**;

(4) Lehman's write-downs of its [collateralized mortgage-backed securities] assets.

"...Einhorn's criticism of Lehman and Callan is commonly cited as the reason for Callan's replacement less than three weeks later.

"Following the near collapse of **Bear Stearns**, Einhorn published a book, 'Fooling Some of the People All of the Time,' which focused on [his years-long battle with **Allied Capital**, a small, Washington lender that Mr. Einhorn accused of accounting and other misdeeds.]

"Thomas C. Baxter Jr., General Counsel to the [Federal Reserve Bank of New York], said that reading Einhorn's book made him think that the FRBNY should pay more attention to short sellers' concerns.

"However, Baxter did not reach that conclusion for the reason that Lehman would have wanted, namely to persuade the Government to regulate short sellers, but rather because it appeared to Baxter that Einhorn may have been shorting Lehman for good cause."

Mr. Baxter clearly saw short sellers as a good source of information.

It will be interesting to see if this will be remembered as the battle to regulate the shorts rolls on.

Inflow likely to top hedge-fund outflow

By Cassell Bryan-Low

Investors expect to pour more money into hedge funds this year than they will withdraw for the first time since 2007, reflecting cautious confidence about the industry and the financial markets more broadly.

The turnaround in sentiment is captured in a Deutsche Bank AG survey of investors, due to be distributed to clients Tuesday. The majority of respondents said they expect to see more than $100 billion of net assets flow into hedge funds in 2010. That comes after two years of net outflows, with investors having withdrawn hundreds of billions of dollars more than they put into funds during 2008 and 2009 combined.

Last year, investors were focused on trying to get their money out of hedge funds, but now "they want to put their money back to work," said Sean Capstick, global head of the hedge fund capital group at Deutsche Bank.

The survey reflects the views of roughly 600 investors controlling about $1.1 trillion in hedge-fund assets. They include fund-of-funds, which raise money from other investors and distribute it to several hedge funds, as well as pension funds, private banks and others.

Despite investor exits last year, the level of industry assets recovered slightly thanks to positive investment performance. Hedge funds as a group were up 20% last year, after delivering their worst performance on record in 2008. Industry assets stood at $1.6 trillion at the end of 2009, up from $1.4 trillion in 2008, though below the 2007 peak of $1.9 trillion, according to Chicago data tracker Hedge Fund Research Inc.

Investors say they are putting an increased amount of money with managers who focus on higher-risk strategies such as equity long-short, emerging markets, and event-driven, which wager on companies going through mergers and other restructurings. Meanwhile, investors are sitting on less cash than a year ago, albeit still more than at the market's peak.

"Risk-seeking is back," said Barry Bausano, global co-head of prime finance at Deutsche Bank.

But not all is rosy in hedge world. Despite investment gains last year, many managers still haven't entirely recouped losses and therefore aren't in a position to collect lucrative performance fees. Fee structures typically are set up so that managers must return to previous high levels, known as a high-water mark, before pocketing performance fees—commonly 20% of investment returns. That raises questions about their ability to retain star talent and continue operating.

Enjoy **The Wall Street Journal Asia** at these fine hotels...

Banfi wine dinner

On 26 March 2010, the Lobster Bar and Grill presents selected fine wines of Castella Banfi vineyard with a six-course dinner.

Reservations: 2820 8560

Level 6, Island Shangri-La, Pacific Place
Supreme Court Road, Central, Hong Kong

LOBSTER BAR AND GRILL

JW MARRIOTT

Pop in to Q88 Wine Bar
for Happy Hour
5:00 to 8:00 pm, Mondays to Fridays
(except Public Holidays)

Q88

MAIN ST. DELI

I wanna see you at Hong Kong's only authentic New York style deli!

Main St. Deli is your ultimate choice to experience traditional New York favourites in Hong Kong. Deli favourites such as salami, pastrami on rye, hot corned beef and chicken soup with matzoh ball are served in real New York style!

For more information, please contact 2375 1133.

Langham Hotel Hong Kong

3 Every Wednesday

2 4 1

Buy one bottle of a selected champagne, the second one is on us. Enjoy it indoors or outdoors. Cheers!

Tapas Bar Tel: **2733 8756**

Kowloon Shangri-La 64 Mody Road, Kowloon

THE WALL STREET JOURNAL. ASIA

Executive Dining features some of the leading hotel restaurants in Asia.
For more information about this program, please contact Mr. Philip Owens at
Tel: 2831-2570 | Fax: 2893-5090,
or visit www.wsj-asia.com to subscribe.

To Participate in the Executive Dining Program, please email to: philip.owens@dowjones.com.

At UBS, top staff's pay surges higher from 2008

By Goran Mijuk

ZURICH—**UBS** AG splashed out more than 100 million Swiss francs ($94.3 million) in salaries and bonuses for its top executives last year, roughly 10 times the amount it paid in 2008, when the bank needed government aid to stay in business.

The rise in executive pay partly reflects the Swiss bank's recent turnaround efforts. But it also shows that the bank, which is reeling from client withdrawals in its private-banking unit, is having to pay a high price to remain competitive.

Kaspar Villiger

UBS said its 13 acting executive members received cash, stocks and options worth 68.7 million francs in 2009. Executives who left the bank last year, including former Chief Executive Officer Marcel Rohner and previous investment-banking head Jerker Johansson, received 41.28 million francs. In 2008, when the bank posted a net loss of more than 20 billion francs, executives earned around 11 million francs.

The bank's highest-paid earner in 2009 was Carsten Kengeter, co-CEO of its investment bank, who received about 13.1 million francs in stock and cash. In 2008, the highest-paid executive was Mr. Rohner, who received slightly more than one million francs in compensation.

Mr. Kengeter joined the investment-banking business from **Goldman Sachs Group** Inc. in 2008. The unit last year posted a pretax loss of 6.1 billion francs, down from 34.3 billion in 2008.

Compensation for members of the UBS board of directors fell 23% to 7.89 million francs in 2009 from 10.27 million francs in 2008.

The overall rise in compensation, analysts say, show that UBS is trying to attract and retain talent and stanch the loss of key employees. Many have moved to competitors in recent months.

The payout irked shareholder activists and Switzerland's political parties, who said the bonus packages were questionable given UBS's recent plight.

"It's strange that only more than a year after UBS's biggest crisis, the bank is once again paying huge bonuses in an area that caused most trouble," said Roby Tschopp, director of activist group Actares. "It shows that under Chairman [Kaspar] Villiger, the bank has lost its sense to act in the interest of the people."

CEO Oswald Grübel, who waived his bonus payment for 2009, and Mr. Villiger, who relinquished part of his salary in the wake of political pressure, have opposed government plans to curb executive pay, saying that such a move would undermine the bank's future business.

"In 2010, we expect to see the full effects of the progress we have made in improving operating efficiency, reducing risk and rebuilding our businesses," they said Monday in a letter to shareholders.

—Margot Patrick in London contributed to this article.

MARKETS

Abu Dhabi fund opens books—a bit

Investor reports annualized returns of 6.5% a year over 20 years, but offers no details on overall value of assets

By Chip Cummins

The **Abu Dhabi Investment Authority**, one of the world's largest and most secretive investors, said in its first annual review Sunday that it made an annualized return of 6.5% a year over the last 20 years, marking the first performance disclosure of any sort since the fund was established in 1976.

ADIA's review is short on other specific disclosures. There is no estimate for the overall value of its assets. The fund has never released information on the size of its portfolio or commented on others' estimates, some of which put the value of the fund in recent years at more than $500 billion.

ADIA, seeded by oil revenue from one of the world's biggest crude exporters, has long been a quiet, conservative investor. Abu Dhabi is the richest of seven semi-autonomous emirates that make up the United Arab Emirates.

Underscoring its passive-investor reputation, ADIA said 80% of its assets were managed by outside fund managers, and 60% of its assets are invested in index-tracking strategies.

The most tantalizing figures released Sunday were average annual returns. But the time horizon is so long—20 and 30 years—that the numbers are difficult to compare with other institutional investors. ADIA said it returned an annualized 6.5% per year over the last 20 years and 8% a year over the last 30 years.

Late last year, Singapore's Temasek Holdings, founded in 1974, reported a return figure of 13% annually over the last 20 years and 16% over the last 30 years. Harvard Management Co., which invests Harvard University's endowment, reported an 11.7% average return over the last 20 years.

In recent years, ADIA has suffered its share of bad investments, including a $7.5 billion investment in **Citigroup** Inc. in 2007.

At the time, ADIA received special "equity units" for its cash infusion. The units came with a relatively high, 11% annual payment. But on Monday, the first tranche of those units were to convert into common shares at a price of at least $31.83 a share. Citigroup's common shares ended trading Friday valued at just under $4.

In November, Citigroup disclosed it was involved in an arbitration action with ADIA, saying the fund alleged "fraudulent misrepresentations" by the bank and damages in excess of $4 billion related to the deal. The private arbitration is confidential and neither side has commented on the details. A Citigroup spokeswoman declined to comment Sunday.

At the time, however, the deal looked savvy. U.S. and European bank executives welcomed several other investments by Mideast and Asian government-controlled funds amid the global financial crisis. But the investments also triggered political backlash in Washington and Europe, where some officials worried they could be used to exert foreign influence.

In response, ADIA and a handful of other big government funds agreed with the International Monetary Fund on a set of investment principles, called the Santiago Principles, intended to assure the world they were investing solely for commercial gain. In its statement Sunday, ADIA said the release of its annual review and the launch of a new Web site "underscore the fund's commitment and compliance with the Santiago Principles."

Patient capital

ADIA disclosed its long- term investment performance, reporting annualized returns, per year:

Source: ADIA

Four Aaa nations face a ratings 'balancing act'

By Mark Brown

LONDON—The four large triple-A-rated countries—the U.K., the U.S., France and Germany—face "an increasingly delicate balancing act" as they consider spending cuts to reduce government debt, Moody's Investors Service said in a review of these country's ability to retain their top credit-rating status.

The credit-rating company repeated that there was no immediate risk of a downgrade of the big triple-A-rated countries, although the slight risk they could fail to get their finances under control, and thus be downgraded, has increased. Moody's concluded that "on balance, we believe that the ratings of all large triple-A governments remain well positioned—although their 'distance-to-downgrade' has in all cases substantially diminished."

All large triple-A governments "have the capacity to rise to the challenges they face," the rating agency said in its quarterly report on triple-A-rated sovereign issuers.

A downgrade to any of these countries, as well as being viewed as a national humiliation, could significantly increase the government's interest bill.

Moody's noted that while the global economy seems to be recovering, much of the rebound has bypassed the four countries, dashing their hopes that economic growth would help solve their debt problems and meaning that government spending would have to be cut. This has created "substantial execution risk" as countries try to make cuts without derailing the recovery and "damaging a government's main asset: its power to tax," the rating agency said.

Governments can't dodge the need for cuts by keeping stimulus packages in place and going for growth, Moody's warned, because this could test the confidence of financial markets, or of central banks, which might move to combat inflation expectations by raising rates.

"At the current elevated levels of debt, rising interest rates would quickly compound an already complicated debt equation, with more abrupt rating consequences a possibility," Moody's said.

Still, even if a large triple-A-rated country reached the level at which interest payments reach 10% of revenue, Moody's said it wouldn't automatically lead to a downgrade.

Instead, the ratings company said, it would look at the concept of "debt reversibility," or the degree to which governments are able and willing to get the debt level under control over a period of five to seven years.

Among the four largest triple-A-rated sovereigns, France has the lowest "debt reversibility margin", at 1%, Moody's said. This could mean that a rise in France's debt-affordability ratio above 11% would have rating implications, because a return to single digits in the foreseeable future would look unlikely unless the government "demonstrated a reaction capacity well above that observed so far."

Germany's margin is 2%. The U.K. and the U.S., where debt affordability is most stretched, enjoy margins of 3% and 4% respectively.

However, Moody's said its figures for debt-reversibility margins aren't "hard triggers for rating decisions."

In its country-by-country assessments, Moody's said that for the U.S., a rise in the proportion of revenue that the government spends servicing its debt over the next 10 years, as outlined in the federal budget in February, would put the U.S. government's triple-A rating under pressure. However, it said federal debt affordability has "for the time being" not deteriorated despite the U.S.'s rising deficit, and isn't yet at a level that threatens the rating.

For the U.K., it said, the top-notch credit rating depends primarily on investor confidence that "resolute action" will be taken to bring debts under control, rather than when exactly such steps will begin. Moody's also warned that if U.K. government bond yields move significantly higher, it "would not be consistent" with a triple-A rating over time. It said the suspension of the Bank of England's bond-buying plan poses a risk in this regard.

The Mart

BUSINESS OPPORTUNITIES

HINDUSTAN PETROLEUM CORPORATION LIMITED
(A Government of India Enterprise)
SAVE FUEL YAANI SAVE MONEY
Marketing Div., LPG Dept., 8, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 India • Phone: +91(22)22637013/16/20/10 Fax: (022) 22613656

CORRIGENDUM - I

Please refer to NIT published in this newspaper on 18.02.2010 for supply of following CNG Equipments to HPCL, Ahmedabad (India):

Sr. No.	Tender No.	Date	Tender Description	Revision in Technical Specifications
1.	9000130-HD-12001	10.02.2010	CNG Booster Compressors	Page no. 40 of 68, clause No. 5
2.	9000125-HD-12001	05.02.2010	CNG Cascades	Page no. 42 of 52, clause No. 3.4.1
3.	9000124-HD-12001	04.02.2010	CNG Dispensers	Page no. 53 of 59, clause Sr. No. 5

The due date of above tenders for submission is revised from **18.03.2010**, upto **15.00 hrs** to **16.04.2010**, upto **15.00 hrs** & accordingly Unpriced bids will be opened on **16.04.2010**, **15.30 hrs.** The revised technical specification can be viewed & downloaded from our website **www.hindustanpetroleum.com** under corrigendum. All other terms & conditions of the tenders remain unchanged.

Chief Manager-EP&P-LPG

SWITCH OFF REGULATOR WHEN NOT IN USE

AVIATION

PUBLIC AUCTION
MARCH 18, 10:00 AM
Cleveland Jet Center - KCFG

Gulfstream IV, SN 1150
www.jetcraft.com

Falcon 900B, SN 40
Falcon 50, SN 159
www.ogarajets.com

Astra 1125, SN 36
www.ramjetaviation.com

BUSINESS OPPORTUNITIES

Own an Energy Conservation Business

Energy Automation Systems, Incorporated. Tap into decades of experience and skill to enjoy an exciting and profitable career as an independent EASI affiliate.

For Information call 615-822-7250 or www.energysavingbusiness.com

BUSINESS OPPORTUNITIES

"Sun Belt Project"

US Company seeks an investor for two start-up entertainment ventures. High ROI expected, with estimated revenues of $100 million annual across 6 major US markets. Executive Summary and business plans are available for review.

Contact us @ 301-461-7804 or rdglobalent@gmail.com

BUSINESSES FOR SALE

WORKING U.S. REFINERY & GAS STATIONS FOR SALE

Recently upgraded 5,500 bpd petroleum refinery in Kentucky. Includes real property (105 acres), 10 local gas stations and extensive buildings, facilities, machinery, tools and vehicles to support the operation. Also includes all necessary operating permits, computer systems/electronic files and all pertinent books and records. Price: $15 million. For teaser of refinery:

http://www.youtube.com/watch?v=pVr1FkMoGck
Qualified buyers, please contact: refinery@seawardpartners.com

BUSINESSES FOR SALE

BETTER THAN BONDS

Want a long term bed rock investment that won't crumble? This smooth running niche Florida business made a profit while others failed. Needs only minimum monthly communication oversight. Cost $1.8M.

Contact: Peter Dieterich
941-698-9991

CAPITAL AVAILABLE

Are you looking to start, buy or expand a business?

DO YOU NEED AN INVESTING PARTNER?

Call (212) 557-6570
M-F 9-5 pm EST
or Fax (212) 557-6571

CAPITAL WANTED

Debt Capital Wanted

The leading national direct purchaser from banks and agencies of single family and multifamily residential REO seeks additional secured real estate nonrecourse debt capital in the amounts of 8 to 9 figures. Accredited investors only.

This is not an offer to buy or sell securities, nor is it an offer in any jurisdiction where the making of such offer is prohibited.

727-643-6303
pmonroe@nrev.com
National Real Estate Ventures

WATERFRONT PROPERTIES

LAGUNA BEACH, CA, USA

INVESTMENT PROPERTIES
2 spectacular, oceanfront family vacation villas with great income.
3-unit villa US $6M or 8-unit villa US $9M
50% equity on both properties US $7M
Excellent fractional opportunity
Call in US at (949) 310-9002
tmkumar@cox.net
www.bestlagunavacations.com

Japanese yields mixed; doubt over 20-year sale

By Tomoyuki Tachikawa

TOKYO—Japanese government-bond yields were mixed as expectations grew that the Bank of Japan will take additional easing measures this week.

BOND MARKET

The outlook for the market could hinge on whether and how the central bank decides to implement "aggressive steps" to beat deflation at its two-day policy board meeting ending Wednesday. The market already expects the central bank to expand a program to lend three-month money to banks at a fixed rate; the question is whether it will do more.

The benchmark 10-year yield held steady at 1.34% Monday, while the five-year yield eased 0.005 percentage point to 0.51%.

But superlong-term bonds were sold ahead of an auction of 20-year government on Tuesday. Investors have become concerned about the country's fiscal health, which could dent interest. The 20-year yield edged up 0.005 percentage point to 2.14%.

Mitsubishi UFJ Securities strategist Katsutoshi Inadome said demand for 20-year paper from key buyers, such as domestic life insurance companies, has been waning. "Worries are growing that the auction won't go smoothly," he said.

Treasurys edge lower

By Kejal Vyas

NEW YORK—U.S. Treasury prices were slightly weaker Monday after a flurry of mixed economic data and as market participants awaited the results from Tuesday's Federal Reserve interest-rate-setting meeting.

U.S. CREDIT MARKETS

Market watchers are looking for any change in the Fed committee's language that could give an indication of when monetary policy may begin tightening.

Investors aren't expecting any change in the Fed's official rate, but instead, will be keeping an eye on whether the Fed continues to see low rates for an "extended period."

Data on Monday again pointed to an improvement in the overall economy, with February industrial production meeting analysts' expectations and the New York Fed's manufacturing survey showing conditions continuing to improve in March.

At noon EDT, the two-year note was unchanged at 99 27/32 to yield 0.9558%, while the 10-year bond fell 5/32 to 99 5/32 to yield 3.7273%. The 30-year bond was down 13/32 at 99 15/32 to yield 4.6579%.

BofA targets China expansion

Continued from page 17

bond sales in China using joint ventures.

J.P. Morgan Chase & Co. is close to forming a joint venture with a small Chinese securities firm that would allow the New York company to expand into investment-banking services such as underwriting initial public offerings. Approval for J.P. Morgan to act as a primary dealer for Chinese government bonds came after the bank incorporated locally in China.

Local incorporation "helps show that we want to be a local player, that we want to work more closely with the local regulator," said Fang Fang, J.P. Morgan's top executive in China.

It isn't clear how Bank of America's push to grow in China on its own would affect its cooperation with China Construction Bank. Under a 2005 deal, Bank of America took a stake in the Chinese bank in return for advice and assistance on certain matters and planned joint ventures in equipment leasing and credit cards. Bank of America also agreed not to compete with China Construction Bank in retail banking. A spokesman for China Construction Bank said the cooperation agreement between the two banks doesn't preclude Bank of America from locally incorporating or from offering services in any other areas other than retail banking.

Bank of America has offices in Shanghai, Beijing and Guangzhou that focus on commercial-banking services.

Last spring, Bank of America sold a third of its 16.7% stake in the Chinese lender amid regulatory demands for new capital. The U.S. bank can't do anything with its remaining shares until August 2011.

Bank of America executive Gregory Curl, a member of China Construction Bank's board, has spent substantial time in China during the past several months, said a person familiar with the situation. Mr. Curl is retiring from the U.S. bank at the end of this month. Some Chinese officials have been nervous about Mr. Curl's exit because they don't know Mr. Moynihan as well, this person said.

Bank of America Chairman Walter Massey recently returned from a trip to China, where he spent time with Mr. Curl.

FUND SCORECARD

Japan Large-Cap Equity

Funds that invest primarily in the equities of large-cap Japansese companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 15, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
2	**Permal Long Japan A EUR**	Permal Investment Management Srvs Ltd	EUR	Luxembrg	**-5.04**	80.47	-23.44	-11.74
3	**Schroder ISF Japanese Eq Alpha A1**	Schroder Investment Mgmt (Luxembourg)	JPY	Luxembrg	**9.95**	72.86	-1.01	-2.73
3	**OP-Japani Indeksi A**	OP-Rahastoyhtiö Oy	EUR	Finland	**8.58**	71.97	-6.66	-1.81
4	**MM Japan Equity A**	MM Asset Management Limited	GBP	Ireland	**8.68**	71.01	-4.50	-0.33
3	**Schroder Japan Alpha Plus Acc**	Schroder Unit Trusts (UK)	GBP	United Kingdom	**9.57**	70.86	0.01	-1.96
2	**Schroder Japanese Equity Alpha**	Schroder Investment Mgmt (Singapore) Ltd	SGD	Singapore	**9.18**	69.23	-0.96	-2.81
NS	**Ashburton Japan Equity £ Feeder PC Inc**	Ashburton (Jersey) Limited	GBP	Jersey	**6.42**	67.72	-6.50	NS
3	**Ashburton Japan Equity $ PC Inc**	Ashburton (Jersey) Limited	USD	Jersey	**6.33**	67.30	-5.11	4.60
5	**Pru IOF Japan Dynamic Equity D**	Prudential Asset Mgmnt (Singapore) Ltd	USD	Luxembrg	**10.10**	66.79	3.14	NS
3	**AB Japan Strategic Value A**	AllianceBernstein (Luxembourg) S.A.	JPY	Luxembrg	**7.21**	66.77	-7.72	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement

INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/11	EUR	52.36	-4.2	53.0	-19.0
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/12	USD	10.74	3.6	54.1	-7.1
Am Eq Blend B	US	EQ	LUX	03/12	USD	10.07	3.3	52.6	-8.0
Am Growth A	US	EQ	LUX	03/12	USD	31.69	1.4	51.5	2.5
Am Growth AX	US	EQ	LUX	03/12	USD	34.24	1.5	52.3	3.0
Am Growth B	US	EQ	LUX	03/12	USD	26.59	1.3	49.9	1.4
Am Growth C	US	EQ	LUX	03/12	USD	28.65	1.4	50.8	2.1
Am Growth I	US	EQ	LUX	03/12	USD	35.18	1.6	52.7	3.3
Am Income A	US	BD	LUX	03/12	USD	8.56	2.5	31.9	7.3
Am Income A2	US	BD	LUX	03/12	USD	19.56	2.7	32.0	7.3
Am Income A2	OT	OT	NA	03/12	HKD	151.73	2.7	32.0	7.3
Am Income AT	OT	OT	NA	03/12	HKD	66.40	2.8	32.0	7.3
Am Income AT	US	BD	LUX	03/12	USD	8.56	2.8	32.0	7.3
Am Income B	US	BD	LUX	03/12	USD	8.56	2.4	30.8	6.4
Am Income B2	US	BD	LUX	03/12	USD	16.84	2.6	31.1	6.5
Am Income B2	OT	OT	NA	03/12	HKD	130.63	2.6	31.1	6.5
Am Income BT	OT	OT	NA	03/12	HKD	66.79	2.6	31.0	6.5
Am Income BT	US	BD	LUX	03/12	USD	8.61	2.6	31.0	6.5
Am Income C	US	BD	LUX	03/12	USD	8.56	2.4	31.2	6.7
Am Income C2	US	BD	LUX	03/12	USD	25.05	2.7	31.4	6.8
Am Income I	US	BD	LUX	03/12	USD	8.56	2.6	32.6	7.9
Am Value A	US	EQ	LUX	03/12	USD	8.78	2.9	44.2	-6.5
Am Value B	US	EQ	LUX	03/12	USD	8.06	2.7	42.7	-7.5
Am Value C	US	EQ	LUX	03/12	USD	8.77	2.8	43.5	-7.0
Am Value I	US	EQ	LUX	03/12	USD	9.46	3.1	45.3	-5.8
Emg Mkts Debt A	GL	BD	LUX	03/12	USD	16.00	3.9	50.5	9.9
Emg Mkts Debt A2	GL	BD	LUX	03/12	USD	20.95	4.2	50.6	10.0
Emg Mkts Debt AT	GL	BD	LUX	03/12	USD	16.08	4.2	50.7	10.0
Emg Mkts Debt B	GL	BD	LUX	03/12	USD	16.00	3.8	49.1	8.8
Emg Mkts Debt B2	GL	BD	LUX	03/12	USD	20.14	4.0	49.1	8.9
Emg Mkts Debt BT	GL	BD	LUX	03/12	USD	16.06	4.0	49.1	8.9
Emg Mkts Debt C	GL	BD	LUX	03/12	USD	16.00	3.9	49.8	9.4
Emg Mkts Debt C2	GL	BD	LUX	03/12	USD	20.57	4.1	49.9	9.5
Emg Mkts Debt I	GL	BD	LUX	03/12	USD	16.00	4.0	51.2	10.5
Emg Mkts Growth A	GL	EQ	LUX	03/12	USD	34.51	-0.4	82.8	-9.6
Emg Mkts Growth B	GL	EQ	LUX	03/12	USD	29.19	-0.6	81.0	-10.5
Emg Mkts Growth C	GL	EQ	LUX	03/12	USD	29.89	-0.5	82.0	-10.0
Emg Mkts Growth I	GL	EQ	LUX	03/12	USD	38.32	-0.2	84.2	-8.9
Eur Growth A	OT	OT	LUX	03/12	EUR	9.91	2.4	44.9	-10.2
Eur Growth A	OT	OT	LUX	03/12	EUR	7.20	2.4	44.9	-10.2
Eur Growth B	OT	OT	LUX	03/12	EUR	6.47	2.4	43.5	-11.1
Eur Growth B	OT	OT	LUX	03/12	USD	8.91	2.4	43.5	-11.1
Eur Growth C	EU	EQ	LUX	03/12	EUR	5.45	2.3	44.2	-10.6
Eur Growth I	OT	OT	LUX	03/12	USD	10.82	2.5	45.8	-9.5
Eur Growth I	OT	OT	LUX	03/12	EUR	7.86	2.5	45.8	-9.5
Eur Income A	OT	OT	LUX	03/12	EUR	6.79	3.9	57.5	8.0
Eur Income A	OT	OT	LUX	03/12	USD	9.35	3.9	57.5	8.0
Eur Income A2	OT	OT	LUX	03/12	EUR	13.40	4.1	57.6	8.1
Eur Income A2	OT	OT	LUX	03/12	USD	18.45	4.1	57.6	8.1
Eur Income AT	EU	BD	LUX	03/12	EUR	6.79	4.2	57.5	8.0
Eur Income B	OT	OT	LUX	03/12	EUR	6.79	3.8	56.6	7.3
Eur Income B	OT	OT	LUX	03/12	USD	9.35	3.8	56.6	7.3
Eur Income B2	OT	OT	LUX	03/12	EUR	12.44	3.9	56.3	7.3
Eur Income B2	OT	OT	LUX	03/12	USD	17.12	3.9	56.3	7.3
Eur Income BT	EU	BD	LUX	03/12	EUR	6.79	3.9	56.6	7.3
Eur Income C	OT	OT	LUX	03/12	EUR	6.79	3.8	56.9	7.6
Eur Income C	OT	OT	LUX	03/12	USD	9.35	3.8	56.9	7.6
Eur Income C2	OT	OT	LUX	03/12	EUR	13.34	4.0	56.8	7.6
Eur Income C2	OT	OT	LUX	03/12	USD	18.36	4.0	56.8	7.6
Eur Income I	OT	OT	LUX	03/12	EUR	6.79	4.0	58.2	8.6
Eur Income I	OT	OT	LUX	03/12	USD	9.35	4.0	58.2	8.6
Eur Strat Value A	OT	OT	LUX	03/12	EUR	8.69	1.9	51.4	-14.2
Eur Strat Value A	OT	OT	LUX	03/12	USD	11.96	1.9	51.4	-14.2
Eur Strat Value I	OT	OT	LUX	03/12	EUR	8.91	1.9	52.6	-13.5
Eur Strat Value I	OT	OT	LUX	03/12	USD	12.26	1.9	52.6	-13.5
Eur Value A	OT	OT	LUX	03/12	EUR	9.32	1.3	53.8	-10.6
Eur Value A	OT	OT	LUX	03/12	USD	12.83	1.3	53.8	-10.6
Eur Value B	OT	OT	LUX	03/12	USD	11.78	1.2	52.3	-11.5
Eur Value B	OT	OT	LUX	03/12	EUR	8.56	1.2	52.3	-11.5
Eur Value C	OT	OT	LUX	03/12	USD	12.40	1.3	53.2	-10.9
Eur Value C	OT	OT	LUX	03/12	EUR	9.01	1.3	53.2	-10.9
Eur Value I	OT	OT	LUX	03/12	USD	14.84	1.5	55.1	-9.9
Eur Value I	OT	OT	LUX	03/12	EUR	10.78	1.5	55.1	-9.9
Gl Balanced (Euro) A	OT	OT	LUX	03/12	USD	16.19	2.5	36.6	-5.9
Gl Balanced (Euro) B	OT	OT	LUX	03/12	USD	15.73	2.3	35.1	-6.9
Gl Balanced (Euro) C	OT	OT	LUX	03/12	USD	16.05	2.5	36.2	-6.2
Gl Balanced (Euro) I	OT	OT	LUX	03/12	USD	16.50	2.7	NS	NS
Gl Balanced A	US	BA	LUX	03/12	USD	16.66	1.1	40.6	-6.9
Gl Balanced B	US	BA	LUX	03/12	USD	15.81	0.9	39.2	-7.8
Gl Balanced C	OT	OT	LUX	03/12	USD	16.40	1.0	40.2	-7.2
Gl Balanced C	OT	OT	LUX	03/12	EUR	11.91	1.0	40.2	-7.2
Gl Balanced I	US	BA	LUX	03/12	USD	17.30	1.2	41.6	-6.3
Gl Bond A	US	BD	LUX	03/12	USD	9.38	2.2	18.3	5.2
Gl Bond A2	US	BD	LUX	03/12	USD	16.38	2.3	18.3	5.1
Gl Bond A2	OT	OT	NA	03/12	HKD	127.06	2.3	18.3	5.1
Gl Bond AT	OT	OT	LUX	03/12	HKD	72.68	2.3	18.3	5.1
Gl Bond AT	US	BD	LUX	03/12	USD	9.37	2.3	18.3	5.1
Gl Bond B	US	BD	LUX	03/12	USD	9.38	2.0	17.1	4.1
Gl Bond B2	US	BD	LUX	03/12	USD	14.31	2.1	17.0	4.0
Gl Bond B2	OT	OT	NA	03/12	HKD	111.01	2.1	17.0	4.0
Gl Bond BT	OT	OT	LUX	03/12	HKD	73.00	2.1	17.1	4.1
Gl Bond BT	US	BD	LUX	03/12	USD	9.41	2.1	17.1	4.1
Gl Bond C	US	BD	LUX	03/12	USD	9.38	2.1	17.7	4.7
Gl Bond C2	US	BD	LUX	03/12	USD	14.20	2.2	17.7	4.6
Gl Bond I	US	BD	LUX	03/12	USD	9.38	2.3	18.9	5.7
Gl Conservative A	US	BA	LUX	03/12	USD	14.99	1.3	25.1	-1.8
Gl Conservative A2	US	BA	LUX	03/12	USD	17.14	1.2	25.0	-1.8
Gl Conservative B	US	BA	LUX	03/12	USD	14.98	1.1	23.8	-2.8
Gl Conservative B2	US	BA	LUX	03/12	USD	16.26	1.1	23.8	-2.8
Gl Conservative C	US	BA	LUX	03/12	USD	14.98	1.2	24.6	-2.3
Gl Conservative C2	US	BA	LUX	03/12	USD	16.75	1.1	24.4	-2.3
Gl Conservative I	US	BA	LUX	03/12	USD	15.06	1.4	26.2	-1.0
Gl Eq Blend A	GL	EQ	LUX	03/12	USD	11.68	0.2	56.4	-15.8
Gl Eq Blend B	GL	EQ	LUX	03/12	USD	10.94	-0.1	54.7	-16.6
Gl Eq Blend C	GL	EQ	LUX	03/12	USD	11.47	0.1	55.8	-16.1
Gl Eq Blend I	GL	EQ	LUX	03/12	USD	12.34	0.3	57.6	-15.1
Gl Growth A	GL	EQ	LUX	03/12	USD	42.18	0.6	51.3	-16.1
Gl Growth B	GL	EQ	LUX	03/12	USD	35.15	0.5	49.9	-16.9
Gl Growth C	GL	EQ	LUX	03/12	USD	40.44	0.6	50.7	-16.5
Gl Growth I	GL	EQ	LUX	03/12	USD	46.92	0.8	52.6	-15.4
Gl High Yield A	US	BD	LUX	03/12	USD	4.45	4.2	69.8	8.2
Gl High Yield A2	US	BD	LUX	03/12	USD	9.68	4.5	69.8	8.2
Gl High Yield A2	OT	OT	NA	03/12	HKD	75.09	4.5	69.8	8.2
Gl High Yield AT	OT	OT	NA	03/12	HKD	34.29	4.7	69.8	8.3
Gl High Yield AT	US	BD	LUX	03/12	USD	4.42	4.7	69.8	8.3
Gl High Yield B	US	BD	LUX	03/12	USD	4.45	4.0	67.7	6.9
Gl High Yield B2	US	BD	LUX	03/12	USD	15.54	4.4	68.2	7.1
Gl High Yield B2	OT	OT	NA	03/12	HKD	120.55	4.4	68.2	7.1
Gl High Yield BT	OT	OT	NA	03/12	HKD	34.91	4.4	68.4	7.2
Gl High Yield BT	US	BD	LUX	03/12	USD	4.50	4.4	68.4	7.2
Gl High Yield C	US	BD	LUX	03/12	USD	4.45	4.1	68.9	7.6
Gl High Yield C2	US	BD	LUX	03/12	USD	14.34	4.5	69.1	7.7
Gl High Yield I	US	BD	LUX	03/12	USD	4.45	4.3	70.9	8.9
Gl Thematic Res. A	OT	OT	LUX	03/12	USD	15.00	1.8	79.6	1.5
Gl Thematic Res. B	OT	OT	LUX	03/12	USD	13.10	1.6	78.0	0.5
Gl Thematic Res. I	OT	OT	LUX	03/12	USD	16.75	1.9	81.1	2.3
Gl Value A	GL	EQ	LUX	03/12	USD	11.11	-0.3	62.0	-15.4
Gl Value B	GL	EQ	LUX	03/12	USD	10.19	-0.5	60.5	-16.3
Gl Value C	GL	EQ	LUX	03/12	USD	10.79	-0.4	61.3	-15.8
Gl Value I	GL	EQ	LUX	03/12	USD	11.84	-0.1	63.3	-14.8
Greater China A	AS	EQ	LUX	03/12	USD	39.19	-2.1	62.0	-7.9
Greater China B	AS	EQ	LUX	03/12	USD	34.61	-2.3	60.4	-8.9
Greater China C	AS	EQ	LUX	03/12	USD	38.66	-2.2	61.2	-8.3
India Growth A	OT	OT	LUX	03/11	USD	129.55	2.1	NS	NS
India Growth AX	OT	OT	LUX	03/11	USD	113.31	2.1	133.5	1.5
India Growth B	OT	OT	LUX	03/11	USD	135.45	1.9	NS	NS
India Growth BX	OT	OT	LUX	03/11	USD	96.66	1.9	131.1	0.5
India Growth I	EA	EQ	LUX	03/11	USD	117.54	2.2	134.6	1.9
Int'l Health Care A	OT	EQ	LUX	03/12	USD	143.00	4.0	37.4	-0.9
Int'l Health Care B	OT	EQ	LUX	03/12	USD	120.38	3.8	36.0	-1.9
Int'l Health Care C	OT	EQ	LUX	03/12	USD	136.93	3.9	36.8	-1.4
Int'l Health Care I	OT	EQ	LUX	03/12	USD	156.49	4.2	38.5	-0.1
Int'l Technology A	OT	EQ	LUX	03/12	USD	111.65	1.2	61.9	-2.2
Int'l Technology B	OT	EQ	LUX	03/12	USD	96.55	1.0	60.2	-3.2
Int'l Technology C	OT	EQ	LUX	03/12	USD	107.80	1.1	61.1	-2.7
Int'l Technology I	OT	EQ	LUX	03/12	USD	125.39	1.3	63.2	-1.5
Japan Eq Blend A	JP	EQ	LUX	03/12	JPY	6124.00	1.7	42.1	-14.5
Japan Eq Blend B	JP	EQ	LUX	03/12	JPY	5897.00	1.4	40.7	-15.3
Japan Eq Blend C	JP	EQ	LUX	03/12	JPY	6020.00	1.6	41.4	-14.8
Japan Growth A	JP	EQ	LUX	03/12	JPY	5810.00	-1.1	29.6	-16.5
Japan Growth B	JP	EQ	LUX	03/12	JPY	5596.00	-1.3	28.4	-17.4
Japan Growth C	JP	EQ	LUX	03/12	JPY	5713.00	-1.2	29.1	-16.9
Japan Strat Value A	JP	EQ	LUX	03/12	JPY	6387.00	4.4	54.3	-12.8
Japan Strat Value B	JP	EQ	LUX	03/12	JPY	6158.00	4.2	52.8	-13.7
Japan Strat Value C	JP	EQ	LUX	03/12	JPY	6275.00	4.3	53.6	-13.2
Real Estate Sec. A	OT	EQ	LUX	03/12	USD	14.69	2.4	82.7	-9.8
Real Estate Sec. B	OT	EQ	LUX	03/12	USD	13.40	2.1	81.1	-10.7
Real Estate Sec. I	OT	EQ	LUX	03/12	USD	15.81	2.5	84.3	-9.0
Short Mat Dollar A	US	BD	LUX	03/12	USD	7.30	1.0	15.8	-2.0
Short Mat Dollar A2	US	BD	LUX	03/12	USD	9.90	1.1	15.7	-2.1
Short Mat Dollar AT	US	BD	LUX	03/12	USD	7.29	1.2	15.7	-2.1
Short Mat Dollar B	US	BD	LUX	03/12	USD	7.30	0.9	15.3	-2.4
Short Mat Dollar B2	US	BD	LUX	03/12	USD	9.85	1.1	15.3	-2.4
Short Mat Dollar BT	OT	OT	LUX	03/12	USD	7.31	1.1	NS	-2.7
Short Mat Dollar C	US	BD	LUX	03/12	USD	7.30	0.9	15.3	-2.4
Short Mat Dollar C2	US	BD	LUX	03/12	USD	13.92	1.1	15.2	-2.5
Short Mat Dollar I	US	BD	LUX	03/12	USD	7.30	1.1	16.4	-1.4

Advertisement

[ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/10	USD	108.45	8.5	31.6	24.1
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	03/09	USD	39.21	-3.8	-55.8	-17.3
Superfund GCT USD*	GL	EQ	LUX	03/09	USD	2103.00	-4.2	-44.3	-13.6
Superfund Green Gold A (SPC)	OT	OT	CYM	03/09	USD	956.45	-0.8	-22.6	-7.9
Superfund Green Gold B (SPC)	OT	OT	CYM	03/09	USD	915.01	-2.2	-37.3	-14.6
Superfund Q-AG*	OT	OT	AUT	03/09	EUR	6541.00	-1.2	-27.4	-4.6
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/15	EUR	51.78	0.1	61.7	-2.0
Industria AE	EU	EQ	DEU	03/15	EUR	71.78	1.7	50.4	-9.5
InternRent AE	EU	BD	DEU	03/15	EUR	37.28	6.2	6.3	10.9
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	03/05	USD	304665.23	11.0	145.8	12.9

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Caterpillar, Google fall; China fears hit Europe

By Kristina Peterson And Donna Kardos Yesalavich

NEW YORK—U.S. stocks fell as sliding commodities prices bit into the energy sector.

Investor sentiment also was dampened by gloomy reports on global growth.

ABREAST OF THE MARKET

The Dow Jones Industrial Average shed 22.52 points, or 0.2%, to 10602.17 in early afternoon. **Caterpillar**, a bellwether for sentiment toward the global economy, dropped 2.1%.Energy components **Exxon** fell 1.1% as crude-oil futures fell below $80 per barrel.

Offsetting some of the declines, **Wal-Mart** surged 2.9% after **Citigroup** upgraded the retail giant to buy from hold, predicting more aggressive pricing.

The Nasdaq Composite dropped 0.8% to 2349.40, weighed down by a 3.6% decline in **Google**. The company appears increasingly likely to shutter its Chinese-language search engine, a step that would remove one of the last major foreign players from the world's most populous and fastest-growing Internet market. Meanwhile, American depository shares of **Chinese Internet** company **Baidu** jumped 3.7%, as it stands to become a monopoly if Google exits China.

The Standard & Poor's 500-stock index slipped 0.5% to 1144.51.

In the first major acquisition in retail circles in years, apparel giant **Phillips-Van Heusen** agreed to acquire privately-held clothing company Tommy Hilfiger for €2.2 billion ($3.03 billion), largely in cash. Phillips-Van Heusen rose 9.2%.

Boston Scientific dropped 17% on a report it has suspended selling a form of defibrillator.

Denting sentiment, Moody's Investors Service said the risks are growing to the four largest triple-A-rated countries: Germany, France, the U.K. and the U.S. In addition, Chinese Premier Wen Jiabao warned of a double-dip recession given financial system risks and continued high unemployment in some countries.

European stocks

Stocks fell amid continuing worries over possible monetary tightening in China and as investors adopted a cautious stance ahead of Tuesday's Federal Reserve interest-rate announcement. The euro lost ground against the dollar as oil fell and gold prices rose.

The basic resources sector suffered the brunt of the selling as fears mounted that China, one of the biggest consumers of commodities, may continue to tighten liquidity in order to counter inflation. **Eurasian Natural Resources** fell 3.4%, while **ArcelorMittal** lost 2.2%.

The pan-European Stoxx 600 index closed down 0.7% to 256.65. The U.K.'s FTSE 100 index dropped 0.6% to 5593.85, France's CAC-40 index fell 1% to 3890.91 and Germany's DAX closed down 0.7% at 5903.56.

Dollar rises against euro as stocks fall

By Don Curren

TORONTO—The U.S. dollar was trading higher against the euro Monday, with early losses in U.S. stocks helping push the common currency below the $1.3700 mark against the dollar.

The dollar had gained in earlier trading after strong words from Chinese Premier Wen Jiabao on the yuan helped send investors out of riskier assets. Mr. Wen's statements, considered in light of recent complaints about China's trade and currency policies by the Obama administration, may be a sign the U.S.-Sino relationship is deteriorating.

CURRENCY MARKETS

Mr. Wen aimed sharp words at Washington on Sunday, ceding little ground on China's currency policy and suggesting that U.S. efforts to boost its exports by weakening the dollar amounted to "a kind of trade protectionism."

Investors were also inclined to seek haven currencies after ratings agency Moody's Investors Service had cautious comments about the credit ratings of the U.S., the U.K., France and Germany.

Early afternoon, the euro was at $1.3664 from $1.3762 late Friday, and at 123.67 yen from 124.51 yen. The dollar was at 90.51 yen from 90.47 yen, while the pound fell to $1.5042 from $1.5184. The dollar was at 1.0630 Swiss francs from 1.0583 francs.

Chinese, Hong Kong shares fall; Tokyo is flat

By Phani Kumar And Shri Navaratnam

Major Asian markets ended mostly lower Monday, with shares in China and Hong Kong weighed down by lingering worries over fresh monetary-tightening measures from Beijing.

The rate-setting meetings at the U.S. Federal Reserve and the Bank of Japan this week remained in focus as investors awaited monetary-policy cues from the two central banks.

ASIAN-PACIFIC STOCKS

Japan's Nikkei Stock Average of 225 companies ended flat at 10751.98 after seesawing between positive and negative territory. China's Shanghai Composite fell 1.2% to 2976.94, and Hong Kong's Hang Seng Index gave up 0.6% to 21079.10. Australia's S&P/ASX 200 shed 0.7% to 4784.09, South Korea's Kospi fell 0.8% to 1649.50 and India's Sensex was flat at 17164.99.

Japanese stocks, which posted strong advances last week amid foreign buying and hopes of monetary easing by the BOJ, were supported during the volatile session as the yen weakened against the U.S. dollar, lifting exporters. **Canon** climbed 3%, **Mazda Motor** rose 2.6% and **Elpida Memory** rose 1.2%.

Fuji Electric Holdings was in the spotlight, surging 8.9% on strong volume, as a Nikkei newspaper reported that China plans to spend as much as four trillion yuan ($586 billion) by 2020 to build smart grids, creating business opportunities for Japanese companies specializing in transmission technology.

Shipping stocks were buoyed by a recent increase in marine freight rates because of an uptick in demand for vessels to carry commodities. **Mitsui O.S.K. Lines** rose 2.1% and **Kawasaki Kisen Kaisha** climbed 2.3% in Tokyo, **STX Pan Ocean** advanced 1.1% and **Korea Line** rose 0.2% in Seoul and **Shipping Corp. of India** rose 1.3% in Mumbai.

Hong Kong and Shanghai-listed shares were broadly lower amid lingering worries over potential monetary tightening by Beijing.

Shanghai Pudong Development Bank fell 1.7% in Shanghai. **Angang Steel** fell 4.2% and property major **China Vanke** shed 1.3% in Shenzhen.

Coal producer **China Shenhua Energy** fell 2.2% in Shanghai and 3.9% in Hong Kong on lower-than-expected full-year results. Offshore oil explorer **Cnooc** shed 0.5%, reversing early gains in a downbeat Hong Kong market, despite news of its $3.1 billion purchase of a 50% stake in Argentina's Bridas Energy.

Financial stocks weighed down the South Korean market. **KB Financial Group** gave up 1.7% and **Korea Exchange Bank** sank 2.8%.

Arrow Energy rose 1% after a report in Monday's Australian Financial review said the company is set to reject the 3.26 billion Australian dollar (US$2.98 billion) takeover bid from Shell and PetroChina.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

GAM

■ GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/05	USD	1300.56	4.6	29.6	-5.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/08	JPY	14500.48	-6.6	70.7	2.6
GAM Asia Equity Hedge US	OT	OT	VGB	03/08	USD	271.06	-6.6	74.9	3.9
GAM Asia Equity USD	OT	OT	VGB	03/12	USD	643.14	-1.6	82.7	-6.4
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/09	USD	1328.80	3.6	54.4	-9.6
GAM Com Glb Bal EUR Op	US	BA	VGB	03/08	EUR	97.83	1.1	28.3	-6.2
GAM Com Glb Bal USD Op	US	BA	VGB	03/08	USD	129.18	1.1	28.3	-6.2
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/08	EUR	101.37	0.9	46.9	-10.8
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/08	USD	128.66	0.9	46.9	-10.8
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/08	EUR	88.93	0.4	32.9	-9.4
GAM Comp Glb Gr USD Op	US	BA	VGB	03/08	USD	127.62	0.4	32.9	-9.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/05	USD	256.35	3.1	63.1	-4.9
GAM Cross Trading Inc	OT	OT	VGB	03/08	USD	460.97	-1.1	3.7	1.6
GAM Diversity CHF Op	OT	OT	VGB	03/08	CHF	94.50	0.2	3.8	-6.0
GAM Diversity EUR Op	OT	OT	VGB	03/08	EUR	650.43	0.3	4.4	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	03/08	USD	78.58	0.4	8.4	-17.6
GAM Diversity USD Op	OT	OT	VGB	03/08	USD	683.13	0.3	4.6	-5.2
GAM Dvrsty II CHF Op	OT	OT	VGB	03/08	CHF	99.65	0.2	3.1	-5.7
GAM Dvrsty II EUR Op	OT	OT	VGB	03/08	EUR	139.08	0.2	3.5	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	03/08	USD	210.68	0.2	3.7	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	03/08	EUR	115.79	0.2	3.4	-4.9
GAM DvrstyIII USD Op	OT	OT	VGB	03/08	USD	122.28	0.2	3.7	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/08	EUR	223.19	2.0	16.8	-0.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/08	USD	207.03	1.8	18.0	0.7
GAM European Equity USD	OT	OT	VGB	03/11	USD	282.50	-3.6	52.5	-9.9
GAM GAMCO	OT	EQ	VGB	03/09	USD	852.06	5.1	95.2	-4.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/08	EUR	98.86	1.0	14.7	-14.9
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/08	USD	104.34	1.1	16.0	-14.1
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/08	USD	255.28	2.2	52.4	-3.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/08	USD	269.27	-6.1	111.0	22.3
GAM Intrst Trend II	GL	BD	VGB	03/08	USD	108.29	15.0	90.0	-0.5
GAM Intrst Trend Inc	OT	OT	VGB	03/08	USD	288.46	14.7	110.5	1.3
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/08	EUR	125.31	7.4	27.7	1.8
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/08	USD	128.57	5.4	27.5	-11.9
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/08	JPY	8851.63	5.3	25.8	-11.0
GAM Japan USD	JP	EQ	VGB	03/12	USD	1182.19	7.2	50.7	-9.5
GAM Japan YEN	JP	EQ	VGB	03/12	JPY	9351.84	6.0	45.7	-13.1
GAM Money Mkt EuroOp	EU	MM	VGB	03/11	EUR	51.16	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/11	USD	100.03	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	03/08	EUR	112.75	1.4	1.6	-7.3
GAM Multi-Arb USD Op	OT	OT	VGB	03/08	USD	117.64	1.4	1.8	-7.5
GAM Multi-China EUR Op	OT	OT	VGB	03/08	EUR	162.18	-3.4	8.5	-5.6
GAM Multi-China USD Op	OT	OT	VGB	03/08	USD	170.94	-3.2	9.3	-6.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/08	GBP	131.03	-0.4	25.4	-1.5
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/08	USD	648.40	-0.4	25.5	-1.8
GAM Multi-Eur EUR Op	OT	OT	VGB	03/08	EUR	267.18	-0.6	4.7	-5.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/08	EUR	137.48	-0.6	4.6	-5.4
GAM Multi-Eur II USD Op	OT	OT	VGB	03/08	USD	112.44	-0.6	4.6	-6.3
GAM Multi-Eur USD Op	OT	OT	VGB	03/08	USD	465.04	-0.6	4.6	-6.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/08	EUR	134.29	0.2	9.5	-1.6
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/08	USD	218.47	0.2	9.7	-1.8
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/08	EUR	140.85	-1.8	2.0	-3.2
GAM Multi-Pac USD Op	OT	OT	VGB	03/08	USD	162.73	-1.6	2.4	-3.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/05	USD	2749.93	4.2	72.4	11.2
GAM Sing/Malaysia	AS	EQ	VGB	03/12	USD	2529.18	0.2	80.5	-1.8
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/08	GBP	240.86	4.7	54.0	7.1
GAM Trading EUR Inc	OT	OT	VGB	03/08	EUR	321.56	-1.1	3.3	2.3
GAM Trading USD Inc	OT	OT	VGB	03/08	USD	962.92	-1.0	3.7	1.6
GAM Trdg II IncEUR Op	OT	OT	VGB	03/08	EUR	137.57	-1.1	3.2	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/08	USD	312.66	-1.0	3.8	1.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/08	EUR	145.11	-1.1	3.0	2.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/08	USD	152.86	-1.1	3.5	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/08	EUR	123.02	-1.1	2.9	1.9
GAM Trdg V IncUSD Op	OT	OT	VGB	03/08	USD	128.25	-1.0	3.5	1.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/08	EUR	155.15	-1.2	3.0	1.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/08	USD	160.78	-1.1	3.5	1.5
GAM USDSpecBondInc	US	BD	VGB	03/08	USD	570.47	7.6	107.7	11.8
GAM Worldwide	GL	EQ	VGB	03/11	USD	2194.33	-1.4	56.0	-7.1
GAMut Investments	OT	OT	VGB	03/10	USD	7710.34	1.7	2.5	6.6

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/11	CHF	11.21	1.6	64.8	-4.7
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/11	EUR	12.29	3.1	69.8	0.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/11	GBP	1.66	5.7	66.5	9.2
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/11	USD	13.20	-1.6	81.3	-5.2
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/11	EUR	108.87	7.6	45.9	-1.7
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/11	EUR	105.36	7.6	45.9	-1.7
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/11	EUR	11.26	2.4	46.4	-1.9
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/11	EUR	185.21	1.2	45.2	-5.0
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/11	EUR	169.24	1.2	45.2	-5.0
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/11	USD	15.44	-3.4	54.8	-9.7
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/11	USD	14.01	-3.4	54.8	-9.7
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/11	USD	5.76	4.9	54.2	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/11	EUR	95.68	8.8	39.1	-1.3
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/11	EUR	95.68	8.8	39.1	-1.3
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/11	JPY	966.66	4.9	39.6	-12.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/11	USD	11.80	6.1	43.9	-8.4
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/11	USD	2209.89	-1.2	57.0	-6.6

LIST YOUR FUNDS

In print & online. Contact:
carson.wong@dowjones.com

THE WALL STREET JOURNAL. ASIA
PRINT • ONLINE • MOBILE

Manulife WEALTH MANAGEMENT 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	03/15	USD	15.63	2.4	57.6	-7.3
American Growth AA	US	EQ	LUX	03/15	USD	0.90	2.3	57.2	-5.1
Asian Equity	AS	EQ	LUX	03/15	USD	2.39	-1.3	81.5	-4.5
Asian Equity AA	AS	EQ	LUX	03/15	USD	0.77	-1.4	80.8	-4.8
Asian Sm Cap Equity AA	AS	EQ	LUX	03/15	USD	1.18	2.3	123.0	3.0
China Value A	AS	EQ	LUX	03/15	USD	6.80	-3.5	71.3	-0.7
China Value AA	AS	EQ	LUX	03/15	USD	2.14	-3.6	70.8	-0.9
Dragon Growth	AS	EQ	LUX	03/15	USD	1.60	-1.8	77.4	-2.8
Dragon Growth AA	OT	OT	LUX	03/15	HKD	7.78	-1.8	77.0	-3.4
Emg Eastrn Europe A	EU	EQ	LUX	03/15	USD	4.74	3.5	134.4	-13.3
Emg Eastrn Europe AA	EU	EQ	LUX	03/15	USD	2.04	3.4	134.0	-13.5
European Growth	EU	EQ	LUX	03/15	USD	8.93	-1.6	80.6	-15.0
European Growth AA	EU	EQ	LUX	03/15	USD	0.64	-1.6	80.2	-15.2
Global Contrarain AA	GL	EQ	LUX	03/15	USD	0.94	6.2	126.0	NS
Global Property AA	OT	EQ	LUX	03/15	USD	0.69	2.6	97.9	-9.2
Global Resources AA	OT	EQ	LUX	03/15	USD	1.08	0.1	66.7	-14.9
Healthcare AA	OT	EQ	LUX	03/15	USD	0.99	5.8	46.3	NS
India Equity AA	EA	EQ	LUX	03/15	USD	1.08	-0.9	110.8	-6.5
International Growth	GL	EQ	LUX	03/15	USD	3.08	1.4	53.9	-11.6
International Growth AA	GL	EQ	LUX	03/15	USD	0.72	1.3	53.6	-11.8
Japanese Growth	JP	EQ	LUX	03/15	USD	2.84	3.5	46.9	-8.6
Japanese Growth AA	JP	EQ	LUX	03/15	USD	0.75	4.2	47.6	-8.5
Latin America Equity AA	GL	EQ	LUX	03/15	USD	1.29	0.7	118.2	-4.2
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/15	USD	1.04	3.3	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/15	USD	1.15	1.2	NS	NS
Russia Equity AA	EE	EQ	LUX	03/15	USD	0.70	9.6	156.1	-17.1
Taiwan Equity AA	AS	EQ	LUX	03/15	USD	1.00	-5.6	79.5	-3.2
Turkey Equity AA	EE	EQ	LUX	03/15	USD	0.75	-1.5	176.4	-3.0
U.S. Bond AA	US	BD	LUX	03/15	USD	1.14	2.6	21.2	8.7
U.S. Sm Cap Equity AA	US	EQ	LUX	03/15	USD	0.94	14.9	114.6	-0.7
U.S. Special Opportunities	OT	OT	LUX	03/15	USD	0.91	11.8	121.1	12.0
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/15	USD	1.14	0.3	10.6	0.4

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	03/10	USD	136.35	7.1	158.8	0.3

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	03/12	USD	8.16	1.7	107.6	-0.6

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	03/11	EUR	21.68	5.3	67.0	6.6
Bonds EURO A	OT	OT	LUX	03/11	EUR	41.57	1.3	5.6	4.7
Bonds EUROPE A	OT	OT	LUX	03/12	EUR	39.64	1.4	4.1	4.1
Bonds US OppsCoreplus A	OT	OT	LUX	03/11	USD	37.45	1.5	18.3	8.6
Bonds World A	OT	OT	LUX	03/12	USD	41.71	-0.7	13.0	1.9
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/12	USD	10.28	-1.4	88.0	-4.9
Eq. China A	AS	EQ	LUX	03/12	USD	22.84	-5.3	70.7	-6.4
Eq. Concentrated Euroland A	OT	OT	LUX	03/12	EUR	92.42	-0.6	41.1	-11.6
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/12	EUR	26.92	-0.3	51.7	-11.3
Eq. Emerging Europe A	OT	OT	LUX	03/12	EUR	25.78	9.4	108.9	-16.5
Eq. Euroland A	EU	EQ	LUX	03/12	EUR	10.81	-0.1	45.9	-12.2
Eq. Euroland Small Cap A	OT	OT	LUX	03/12	EUR	147.80	4.7	61.9	-4.8
Eq. EurolandCyclicIsA	EU	EQ	LUX	03/12	EUR	18.29	2.8	47.3	-7.7
Eq. EurolandFinancialA	OT	EQ	LUX	03/12	EUR	10.90	-3.6	85.5	-15.8
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/12	USD	9.31	-3.8	73.9	-12.8
Eq. Global A	GL	EQ	LUX	03/12	USD	28.34	1.8	62.5	-8.2
Eq. Global Energy A	OT	EQ	LUX	03/12	USD	17.99	-0.8	42.0	-14.6
Eq. Global Resources A	OT	OT	LUX	03/11	USD	108.82	-0.3	68.2	-13.4
Eq. Gold Mines A	OT	EQ	LUX	03/12	USD	30.12	-0.6	48.8	-6.8
Eq. India A	OT	OT	LUX	03/12	USD	130.01	-0.6	110.4	-6.3
Eq. Japan CoreAlpha A	OT	OT	LUX	03/12	JPY	7707.74	6.3	49.5	-4.0
Eq. Latin America A	OT	OT	LUX	03/11	USD	115.68	-0.5	99.7	-9.3
Eq. US Lg Cap Gr A	US	EQ	LUX	03/12	USD	15.70	2.9	53.3	-5.2
Eq. US Rel Val A	US	EQ	LUX	03/11	USD	21.29	3.4	71.2	-8.9
Eq, US Sm Cap Val A	US	EQ	LUX	03/12	USD	17.10	7.2	69.6	-10.2
Money Market EURO A	EU	MM	LUX	03/12	EUR	27.41	0.1	0.6	2.3
Money Market USD A	US	MM	LUX	03/12	USD	15.83	0.0	0.3	1.3

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	03/04	USD	887.13	-7.7	2.4	-32.3
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/04	AED	4.76	-10.6	9.7	-37.1

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	02/26	USD	28.68	-3.9	76.4	6.4
Intel-China Converg*	AS	EQ	CYM	02/26	USD	109.61	-3.9	76.5	4.4
VP Classic - A	AS	EQ	CYM	03/12	USD	186.32	-0.1	91.4	4.8
VP Classic - B	AS	EQ	CYM	03/12	USD	86.76	-0.2	90.4	4.2
VP High Dividend Stk	AS	EQ	CYM	03/08	USD	46.67	2.7	100.9	6.3

yuki
Yuki Management & Research
Tel +81-3-5299-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	03/15	JPY	9442.00	-0.2	34.8	-13.6
YMR-N Small Cap Fund	OT	OT	IRL	03/15	JPY	6792.00	-3.1	27.6	-13.7
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	03/12	JPY	6044.00	-1.7	29.7	-19.5
Yuki 77 Growth	JP	EQ	IRL	03/12	JPY	5535.00	-1.9	20.0	-23.4
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/12	JPY	6885.00	0.8	38.1	-14.9
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/12	JPY	7990.00	6.0	29.5	-13.1
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/12	JPY	4721.00	1.0	33.2	-19.2
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/12	JPY	5409.00	3.1	33.8	-13.7
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/12	JPY	4879.00	-4.4	25.8	-16.4
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/12	JPY	4368.00	-1.2	31.3	-23.6
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/12	JPY	4592.00	-1.6	30.7	-23.6
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/12	JPY	6883.00	-1.3	39.9	-17.9
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/12	JPY	8655.00	0.5	35.5	-15.2
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/12	JPY	6276.00	-1.3	27.6	-18.0
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/12	JPY	7795.00	2.1	22.9	-16.8
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/12	JPY	5246.00	1.1	35.3	-16.6
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/12	JPY	11848.00	2.5	36.8	-11.3
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/12	JPY	7727.00	-2.9	27.7	-20.6
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/12	JPY	6751.00	-5.4	32.7	-17.5
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/12	JPY	5748.00	1.8	36.6	-13.6
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/12	JPY	2626.00	-3.7	31.3	-22.1
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	03/12	JPY	5470.00	0.9	35.5	-16.4

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Sweden	-0.13%	7.6%	58.3%
Switzerland	-0.05	4.8	50.6
Japan	0.22	3.3	30.2
U.K.	-0.35	3.2	45.9
Netherlands	-0.81	2.9	64.4
Canada	-0.32	1.3	38.6
South Africa	-0.23	1.1	30.6
Australia	-0.77	-0.6%	41.0
Germany	-0.19	-0.9	39.8
Russia	-0.98	-1.0	60.4
Singapore	-0.16	-1.1	83.9
France	-0.53	-1.1	41.5
Italy	-0.29	-2.6	62.2
Hong Kong	-0.90	-3.1	50.0
Turkey	-0.01	-3.3	114.9
South Korea	-0.77	-3.6	48.2
Brazil	-0.62	-3.9	100.9
Spain	-0.51	-5.6	37.0
China 88	-1.58	-12.3	34.3

Dow Jones Regional Sector Titans

Travel Leisure	-0.47%	7.1%	57.3%
Ind Gds Svcs	-0.35	6.3	75.5
Arab 50	-0.95	5.1	31.9
Pers H'hold Gds	-0.44	4.6	45.9
Retail	-0.05	4.0	51.1
Media	-0.57	2.4	64.8
Asian 50	-0.54	1.9	57.5
Real Estate	-0.24	1.7	76.9
Global 50	-0.21	-1.5%	43.1
Tiger 50*	-1.21	-4.3	67.7

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Monday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Canon	Japan	Electronic Office Equipment	$56.7	4,165	2.97%	60.5%	-35.3%
Toyota Motor	Japan	Automobiles	121.8	3,505	0.86	19.2	-54.3
Tokyo Elec Power	Japan	Conventional Electricity	36.4	2,441	0.66	1.9	-40.6
Mitsubishi UFJ Finl	Japan	Banks	72.1	470.00	0.64	6.6	-63.6
Sumitomo Mitsui Finl	Japan	Banks	43.8	2,947	0.58	-2.4	-71.9
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	$35.9	134.00	-2.55%	116.1	-1.3
PetroChina	Hong Kong	Integrated Oil Gas	24.6	9.04	-2.27	51.9	3.6
Nintendo	Japan	Toys	38.4	27,180	-1.88	-8.0	-20.4
KB Fncl Group	South Korea	Banks	17.3	51,100	-1.73	61.7	-38.7
Japan Tobacco	Japan	Tobacco	34.6	326,500	-1.66	48.0	-42.5

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
NTT DoCoMo Japan (Mobile Telecommunications)	64.5	140,000	0.50%	2.1%	-34.0%
Sony Japan (Consumer Electronics)	37.3	3,395	0.44	77.5	-44.8
Kansai Elec Power Japan (Conventional Electricity)	22.3	2,122	0.43	1.8	-41.7
Nissan Motor Japan (Automobiles)	34.5	767.00	0.39	117.9	-41.2
KDDI Japan (Mobile Telecommunications)	23.3	477,000	0.21	9.7	-47.6
QBE Ins Grp Australia (Reinsurance)	19.8	21.17	0.09	23.4	-32.2
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.4	116.20	0.09	79.6	32.0
Mizuho Financial Grp Japan (Banks)	29.3	189.00	...	...	-75.0
Nippon Steel Japan (Iron Steel)	23.8	343.00	...	37.2	-58.9
Nippon T&T Japan (Fixed Line Telecommunications)	56.8	3,890	...	8.4	-35.6
Takeda Pharm Japan (Pharmaceuticals)	36.0	4,135	...	24.9	-46.0
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.3	56.90	-0.09	40.5	-22.3
JFE Hldgs Japan (Iron Steel)	20.4	3,500	-0.14	66.7	-51.3
Honda Motor Japan (Automobiles)	66.4	3,295	-0.15	46.8	-20.2
Seven I Hldgs Japan (Broadline Retailers)	20.4	2,048	-0.24	2.8	-41.3
National Australia Bk Australia (Banks)	51.3	26.83	-0.26	46.2	-32.7
Shin-Etsu Chml Japan (Specialty Chemicals)	24.3	5,190	-0.38	11.4	-27.3
Cheung Kong Hong Kong (Real Estate Holding Development)	29.3	98.15	-0.41	51.6	5.0
CNOOC Hong Kong (Exploration Production)	73.8	12.82	-0.47	78.1	102.2
East Japan Railway Japan (Travel Tourism)	26.9	6,160	-0.48	26.5	-33.0

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Commonwlth Bk of Aus Australia (Banks)	77.1	55.60	-0.50%	79.4%	12.5%
China Mobile (HK) Hong Kong (Mobile Telecommunications)	192.3	75.05	-0.53	7.8	4.0
Mitsubishi Japan (Industrial Suppliers)	42.3	2,338	-0.55	99.0	-14.2
BHP Billiton Australia (General Mining)	130.3	42.57	-0.65	37.3	50.2
Shinhan Financial Grp South Korea (Banks)	18.3	43,700	-0.68	90.0	-17.6
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.0	2,535	-0.71	23.7	-38.3
Panasonic Japan (Consumer Electronics)	30.4	1,332	-0.75	24.0	-43.8
RioZim Ltd Australia (General Mining)	41.7	75.38	-0.76	88.2	28.2
Woodside Petroleum Australia (Exploration Production)	29.5	44.99	-0.92	24.8	24.7
China Life Ins Hong Kong (Life Insurance)	34.6	36.10	-0.96	43.0	65.2
Mitsui Japan (Industrial Suppliers)	30.7	1,538	-0.97	80.9	-27.6
Aus NZ Bk Australia (Banks)	54.9	24.02	-0.99	71.0	-16.8
Westpac Bking Australia (Banks)	70.7	26.63	-1.00	55.5	4.6
Woolworths Australia (Food Retailers Wholesalers)	31.7	28.21	-1.02	14.2	1.7
Westfield Grp Australia (Retail REITs)	25.0	11.88	-1.16	16.6	-42.9
Indl Comm Bk China Hong Kong (Banks)	61.9	5.78	-1.20	67.5	34.7
POSCO South Korea (Iron Steel)	36.8	551,000	-1.25	57.9	45.2
Samsung Elec South Korea (Semiconductors)	99.7	768,000	-1.29	46.9	30.8
China Constr Bk Hong Kong (Banks)	176.7	6.10	-1.45	45.2	39.0
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	48.6	59.80	-1.64	20.2	-12.0

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.44%	2.32%	1.1%	0.4%	5.9%
Event Driven	0.72	2.74	2.2	1.5	14.8
Equity Long/Short	1.29	3.48	4.6	2.9	8.2

*Estimates as of 03/11/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

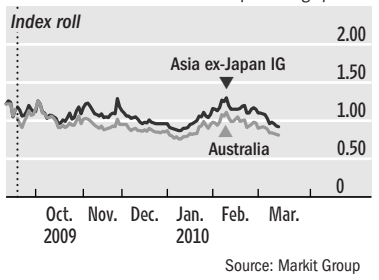
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.74	101.18%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.09	99.58	0.01	1.76	0.92	1.29
Europe Crossover: 12/1	4.11	103.54	0.05	6.15	3.79	4.88
Asia ex-Japan IG: 12/1	0.92	100.36	0.01	1.34	0.87	1.07
Japan: 12/1	1.24	98.91	0.01	1.68	0.99	1.35

Note: Data as of March 12

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
H2O Retailing	122	-9	8	-7
Elpida Memory	570	-6	-20	-34
Chartered Semicon Mfg	141	-5	-9	-21
Kintetsu	104	-4	-3	2
Marui Group	210	-3	-22	-42
Tenaga Nasional	67	-3	-15	-36
Mitsubishi Chem	113	-3	-7	-20
Kookmin Bk	100	-3	-19	-25
Hitachi	82	-3	-8	-24
Marubeni	157	-3	-16	-59

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Kdom Thailand	102	2	-8	-17
Sanyo Shinpan Fin	705	2	29	55
Kawasaki Heavy Inds	128	2	-21	-31
Bk of China	104	2	-3	-18
Japan	59	3	-1	-20
POSCO	58	3	-9	-31
KT	58	4	-10	-31
Ptt Pub	92	5	-9	-18
Aeon	148	6	-22	-37
Acom	309	10	24	22

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, Eurozone

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Deutsche Bank	$136	8.1%	18%	59%	13%	11%
Credit Suisse	103	6.1	25	61	13	...
JPMorgan	101	6.0	17	50	31	1
UBS	93	5.5	31	36	33	...
Goldman Sachs	93	5.5	45	20	22	13
Barclays Capital	80	4.7	2	74	8	16
BNP Paribas	76	4.5	16	76	3	5
Morgan Stanley	71	4.2	...	31	69	...
HSBC	69	4.1	17	81	1	1

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	363.00	-1.25	-0.34%	714.00	325.00
Soybeans (cents/bu.)	CBOT	927.50	2.00	0.22%	1,087.50	819.75
Wheat (cents/bu.)	CBOT	481.00	-4.25	-0.88	745.00	472.00
Live cattle (cents/lb.)	CME	93.000	0.200	0.22	93.175	83.075
Cocoa ($/ton)	ICE-US	2,874	-46	-1.58	3,514	2,066
Coffee (cents/lb.)	ICE-US	130.60	-1.90	-1.43	190.40	118.30
Sugar (cents/lb.)	ICE-US	19.60	-0.07	-0.36	29.00	11.90
Cotton (cents/lb.)	ICE-US	80.13	-0.34	-0.42	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,590.00	-59	-2.23	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,200	-30	-1.35	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,226	-1	-0.08	1,605	1,212
Copper (cents/lb.)	COMEX	330.90	-7.10	-2.10	355.00	140.00
Gold ($/troy oz.)	COMEX	1103.50	1.80	0.16	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1702.50	-2.30	-0.13	1,949.50	916.00
Aluminum ($/ton)	LME	2,238.00	-7.00	-0.31	2,356.50	1,344.50
Tin ($/ton)	LME	17,525.00	-75.00	-0.43	18,250.00	9,945.00
Copper ($/ton)	LME	7,300.00	-198.00	-2.64	7,695.00	3,750.00
Lead ($/ton)	LME	2,209.00	-71.00	-3.11	2,615.00	1,247.00
Zinc ($/ton)	LME	2,290.00	-66.00	-2.80	2,659.00	1,221.00
Nickel ($/ton)	LME	21,445	-345	-1.58	22,950	9,475
Crude oil ($/bbl.)	NYMEX	79.85	-1.69	-2.07	132.95	52.95
Heating oil ($/gal.)	NYMEX	2.0720	-0.0334	-1.59	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	2.2086	-0.0492	-2.18	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	4.411	0.011	0.25	10.430	4.407
Brent crude ($/bbl.)	ICE-EU	78.30	-1.66	-2.08	109.11	57.30
Gas oil ($/ton)	ICE-EU	651.50	-14.25	-2.14	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com**
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/Email**

Currencies

London close on March 15

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2725	0.1897	3.8625	0.2589
Brazil real	2.4133	0.4144	1.7679	0.5656
Canada dollar	1.3946	0.7170	1.0217	0.9788
1-mo. forward	1.3946	0.7170	1.0217	0.9788
3-mos. forward	1.3947	0.7170	1.0217	0.9787
6-mos. forward	1.3953	0.7167	1.0221	0.9784
Chile peso	704.71	0.001419	516.25	0.001937
Colombia peso	2597.35	0.0003850	1902.75	0.0005256
Ecuador US dollar-f	1.3650	0.7326	1	1
Mexico peso-a	17.1543	0.0583	12.5668	0.0796
Peru sol	3.8761	0.2580	2.8395	0.3522
Uruguay peso-e	26.618	0.0376	19.500	0.0513
U.S. dollar	1.3650	0.7326	1	1
Venezuela bolivar	3.54	0.282112	2.60	0.385097
ASIA-PACIFIC				
Australia dollar	1.4977	0.6677	1.0972	0.9115
China yuan	9.3180	0.1073	6.8261	0.1465
Hong Kong dollar	10.5913	0.0944	7.7589	0.1289
India rupee	62.1985	0.0161	45.5650	0.0219
Indonesia rupiah	12511	0.0000799	9165	0.0001091
Japan yen	123.46	0.008100	90.44	0.011057
1-mo. forward	123.43	0.008102	90.42	0.011060
3-mos. forward	123.38	0.008105	90.38	0.011064
6-mos. forward	123.28	0.008112	90.31	0.011073
Malaysia ringgit-c	4.5326	0.2206	3.3205	0.3012
New Zealand dollar	1.9505	0.5127	1.4289	0.6999
Pakistan rupee	114.937	0.0087	84.200	0.0119
Philippines peso	62.376	0.0160	45.695	0.0219
Singapore dollar	1.9085	0.5240	1.3982	0.7152
South Korea won	1548.85	0.0006456	1134.65	0.0008813
Taiwan dollar	43.456	0.02301	31.835	0.03141
Thailand baht	44.453	0.02250	32.565	0.03071

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7326	1.3651
1-mo. forward	1.0000	1.0000	0.7326	1.3651
3-mos. forward	1.0000	1.0000	0.7326	1.3651
6-mos. forward	1.0002	0.9998	0.7327	1.3648
Czech Rep. koruna-b	25.514	0.0392	18.691	0.0535
Denmark krone	7.4410	0.1344	5.4511	0.1834
Hungary forint	264.84	0.003776	194.02	0.005154
Norway krone	8.0199	0.1247	5.8752	0.1702
Poland zloty	3.8958	0.2567	2.8540	0.3504
Russia ruble-d	40.226	0.02486	29.469	0.03393
Sweden krona	9.7386	0.1027	7.1343	0.1402
Switzerland franc	1.4516	0.6889	1.0634	0.9404
1-mo. forward	1.4512	0.6891	1.0631	0.9407
3-mos. forward	1.4504	0.6895	1.0625	0.9412
6-mos. forward	1.4491	0.6901	1.0616	0.9420
Turkey lira	2.0893	0.4786	1.5306	0.6534
U.K. pound	0.9074	1.1020	0.6648	1.5043
1-mo. forward	0.9076	1.1018	0.6649	1.5040
3-mos. forward	0.9079	1.1014	0.6651	1.5035
6-mos. forward	0.9083	1.1009	0.6654	1.5028
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5146	1.9432	0.3770	2.6525
Egypt pound-a	7.4832	0.1336	5.4820	0.1824
Israel shekel	5.0889	0.1965	3.7280	0.2682
Jordan dinar	0.9668	1.0343	0.7083	1.4119
Kuwait dinar	0.3934	2.5419	0.2882	3.4698
Lebanon pound	2057.81	0.0004860	1507.50	0.0006634
Saudi Arabia riyal	5.1191	0.1953	3.7502	0.2667
South Africa rand	10.1315	0.0987	7.4221	0.1347
United Arab dirham	5.0138	0.1994	3.6730	0.2723
SDR -f	0.8903	1.1232	0.6522	1.5332

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	125.46	-0.50	-0.40%	2.0%	58.9%
...	Australia	SPX/ASX 200	4784.09	-34.03	-0.71	-1.8	42.9
...	China	CBN 600	26435.97	-371.20	-1.38	-9.0	43.7
17	Hong Kong	Hang Seng	21079.10	-130.64	-0.62	-3.6	62.4
19	India	Sensex	17164.99	-1.63	-0.01	-1.7	91.9
...	Indonesia	Jakarta Composite	2669.608	3.097	0.12%	5.3	101.5
...	Japan	Nikkei Stock Average	10751.98	0.72	0.01	1.9	39.6
...		Topix	938.91	2.53	0.27	3.5	26.6
...	Malaysia	Kuala Lumpur Composite	1299.67	-11.53	-0.88	2.1	54.6
...	New Zealand	NZSX-50	3231.149	6.013	0.19	...	27.0
8	Pakistan	KSE 100	10088.45	62.46	0.62	7.5	66.4
14	Philippines	Manila Composite	3076.79	3.88	0.13	0.8	73.9
...	Singapore	Straits Times	2874.33	-7.03	-0.24	-0.8	81.2
11	South Korea	Kospi	1649.50	-13.24	-0.80	-2.0	46.6
20	Taiwan	Weighted	7634.92	-113.41	-1.46	-6.8	53.6
10	Thailand	SET	734.83	1.49	0.20	...	73.1
57	**EUROPE**	Stoxx Europe 600	256.65	-1.75	-0.68	1.4	48.5
22		Stoxx Europe 50	2564.98	-16.59	-0.64	-0.5	44.0
70	**Euro Zone**	Euro Stoxx	270.98	-2.23	-0.82%	-1.4%	44.8%
21		Euro Stoxx 50	2872.23	-26.13	-0.90	-3.2	41.6
11	Denmark	OMX Copenhagen	347.88	-1.22	-0.35	10.2	66.4
21	Finland	OMX Helsinki	7161.38	-16.09	-0.22	10.9	51.6
17	France	CAC-40	3890.91	-36.49	-0.93	-1.2	39.4
15	Germany	DAX	5903.56	-41.55	-0.70	-0.9	46.0
14	Italy	FTSE MIB	22373.23	-191.96	-0.85	-3.8	58.0
...	Netherlands	AEX	335.11	-4.46	-1.31	-0.1	55.3
...	Russia	RTSI	1514.40	-20.28	-1.32	6.1	133.9
10	Spain	IBEX 35	10957.8	-119.2	-1.08	-8.2	43.5
16	Switzerland	SMI	6825.10	-11.50	-0.17	4.3	41.7
...	Turkey	ISE National 100	51971.37	-261.62	-0.50	-1.6	120.0
14	U.K.	FTSE 100	5593.85	-31.80	-0.57	3.3	44.8
18	**AMERICAS**	DJ Americas	306.20	-1.17	-0.38	3.3	56.1
...	Brazil	Bovespa	68894.87	-446.51	-0.64	0.4	76.8
...	Argentina	Merval	2335.16	-24.81	-1.05	0.6	120.2
19	Mexico	IPC	32578.05		Closed	1.4	67.6

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2353.66	-11.62	-0.49%	1.5%	60.7%	-5.8%
1.92	19	**Global DOW**	1981.27	-8.07	-0.41	-0.2	54.7	-2.5
2.43	15	**Global Titans 50**	171.07	-0.36	-0.21	-1.5	43.1	-8.1
2.18	25	**Asia/Pacific TSM**	1240.15	-4.97	-0.40	2.0	63.4	-4.3
2.42	15	**Asia/Pacific ex-Japan TSM**	3047.72	-28.70	-0.93	-0.9	89.0	2.0
2.78	14	**Europe TSM**	2601.27	-21.00	-0.80	-2.8	58.3	-9.5
1.86	14	**Emerging Markets TSM**	4093.48	-20.31	-0.49	0.9	92.6	3.6
2.45	33	**Asian Titans 50**	136.81	-0.74	-0.54	1.9	57.5	-6.2
6.37	6	**BRIC 50**	587.37	-3.48	-0.59	-1.8	87.0	8.6
0.86	27	**CBN China 600** -c	26435.97	-371.20	-1.38	-9.0	43.7	7.9
2.35	18	**China Offshore 50**	3917.88	-48.34	-1.22	-3.9	52.9	8.7
0.89	30	**Shanghai** -c	357.35	-4.45	-1.23	-7.8	44.6	8.1

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen** -c	389.54	-5.63	-1.43%	-6.5%	60.5%	13.4%
1.84	22	**U.S. TSM**	11812.73	-43.81	-0.37	3.8	56.0	-5.6
4.83	14	**Global Select Div** -d	197.88	-1.24	-0.62	-2.0	89.4	-9.2
5.34	14	**Asia/Pacific Select Div** -d	268.59	-1.49	-0.55	0.0	106.8	-9.7
3.70	14	**Hong Kong Select Div** -d	191.80	-0.09	-0.05	2.3	62.7	2.1
4.23	15	**U.S. Select Dividend** -d	326.04	-0.47	-0.14	3.3	55.5	-12.9
1.80	15	**Islamic Market**	1993.68	-9.15	-0.46	1.0	52.6	-1.1
2.00	15	**Islamic Market 100**	2109.61	-7.28	-0.34	-0.6	40.0	-1.7
2.60	17	**Islamic China/HK Titans 30**	1501.78	-11.67	-0.77	1.1	56.3	4.2
1.55	12	**Sustainability Korea**	1202.82	-18.48	-1.51	-0.2	88.6	1.0
3.40	17	**Brookfield Infrastructure**	2047.48	-6.10	-0.30	1.0	52.4	-3.3
		DJ-UBS Commodity -p	132.44	-0.24	-0.18	-4.8	25.0	-7.5

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.097	0.665	1.022	6.826	0.733	7.759	45.565	9165.06	90.440	1.429	1134.65	3.321	45.695	1.398	1.063	31.835	32.565
Australia	0.911		0.606	0.931	6.222	0.668	7.072	41.530	8353.50	82.431	1.302	1034.18	3.026	41.649	1.274	0.969	29.016	29.681
Britain	1.504	1.650		1.537	10.269	1.102	11.672	68.543	13787.00	136.049	2.149	1706.85	4.995	68.739	2.103	1.600	47.889	48.988
Canada	0.979	1.074	0.651		6.681	0.717	7.594	44.599	8970.84	88.523	1.399	1110.60	3.250	44.727	1.369	1.041	31.160	31.875
China	0.1465	0.161	0.097	0.150		0.107	1.137	6.675	1342.65	13.249	0.209	166.22	0.486	6.694	0.205	0.156	4.664	4.771
Euro	1.365	1.498	0.907	1.395	9.318		10.591	62.199	12510.77	123.455	1.950	1548.85	4.533	62.376	1.909	1.452	43.456	44.453
Hong Kong	0.129	0.141	0.086	0.132	0.880	0.094		5.873	1181.23	11.656	0.184	146.24	0.428	5.889	0.180	0.137	4.103	4.197
India	0.0219	0.0241	0.0146	0.0224	0.1498	0.0161	0.1703		201.14	1.9849	0.0314	24.90	0.0729	1.0029	0.0307	0.0233	0.6987	0.7147
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0099	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.086	0.504	101.34		0.016	12.55	0.037	0.505	0.015	0.012	0.352	0.360
New Zealand	0.700	0.768	0.465	0.715	4.777	0.513	5.430	31.889	6414.17	63.294		794.08	2.324	31.980	0.978	0.744	22.280	22.791
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0068	0.0402	8.08	0.0797	0.0013		0.0029	0.0403	0.0012	0.0009	0.0281	0.0287
Malaysia	0.301	0.330	0.200	0.308	2.056	0.221	2.337	13.722	2760.15	27.237	0.430	341.71		13.761	0.421	0.320	9.587	9.807
Philippines	0.022	0.024	0.015	0.022	0.149	0.016	0.170	0.997	200.57	1.979	0.031	24.83	0.073		0.031	0.023	0.697	0.713
Singapore	0.715	0.785	0.475	0.731	4.882	0.524	5.549	32.589	6555.14	64.685	1.022	811.54	2.375	32.682		0.761	22.769	23.291
Switzerland	0.940	1.032	0.625	0.961	6.419	0.689	7.296	42.848	8618.64	85.048	1.344	1067.00	3.123	42.971	1.315		29.937	30.623
Taiwan	0.031	0.034	0.021	0.032	0.214	0.023	0.244	1.431	287.89	2.841	0.045	35.64	0.104	1.435	0.044	0.033		1.023
Thailand	0.031	0.034	0.020	0.031	0.210	0.022	0.238	1.399	281.44	2.777	0.044	34.84	0.102	1.403	0.043	0.033	0.978	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 15, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	303.78	-0.38%	1.5%	62.3%
2.50	24	**World (Developed Markets)**	1,187.37	-0.40	1.6	58.1
1.80	83	**World Small Cap**	201.94	-0.43	6.2	82.2
2.50	21	**Kokusai (World ex-Japan)**	1,173.26	-0.39	1.2	61.1
3.00	23	**EAFE**	1,574.25	-0.69	-0.4	57.8
2.20	20	**Emerging Markets (EM)**	992.68	-0.29	0.3	98.8
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	416.05	-0.17	-0.1	94.2
2.20	22	**AC Far East ex-Japan**	445.44	-0.12	-1.0	85.2
1.70	145	**Japan**	585.99	0.66	3.1	25.5
2.00	19	**China**	63.41	-0.17	-2.2	75.0
0.90	37	**China A (China Domestic)**	3,091.00	-1.38	-8.6	51.6
2.60	23	**Hong Kong**	10,283.78	-0.07	1.0	64.0
0.90	20	**India**	701.54	-0.02	-0.8	106.4
1.30	16	**Korea**	469.16	0.19	-2.4	60.9
2.30	20	**Malaysia**	478.72	-0.88	1.9	44.5
3.10	17	**Singapore**	1,593.12	0.20	-2.0	77.8
2.70	234	**Taiwan**	278.38	-0.11	-5.9	61.3
3.30	18	**Thailand**	303.57	1.48	0.6	72.5
3.60	25	**Australia**	997.39	0.06	-0.4	44.5
5.00	16	**New Zealand**	84.41	0.00	-3.2	15.5
1.90	28	**US BROAD MARKET**	1,286.83	-0.00	4.0	60.2
3.40	16	**EUROPE**	89.70	0.28	1.6	48.4

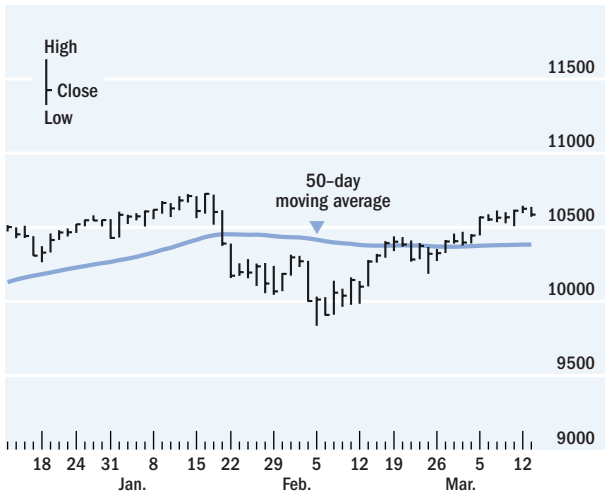
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 17

LAST: **10585.24** ▼ 39.45, or 0.37%
YEAR TO DATE: ▲ **157.19, or 1.5%**
OVER 52 WEEKS ▲ **3,368.27, or 46.7%**

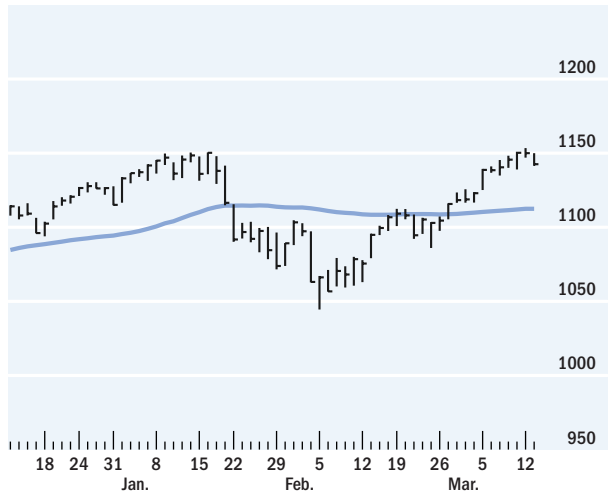


Nasdaq Composite Index P/E: 16*

LAST: **2347.15** ▼ 20.51, or 0.87%
YEAR TO DATE: ▲ **78.00, or 3.4%**
OVER 52 WEEKS ▲ **943.13, or 67.2%**

S&P 500 Index P/E: 23

LAST: **1142.54** ▼ 7.45, or 0.65%
YEAR TO DATE: ▲ **27.44, or 2.5%**
OVER 52 WEEKS ▲ **388.65, or 51.6%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**10.80**	$25.69	0.07	**0.27%**
Alcoa	AA	**12.40**	13.46	-0.14	**-1.03**
AmExpress	AXP	**3.80**	40.33	-0.43	**-1.05**
BankAm	BAC	**70.70**	16.70	-0.15	**-0.89**
Boeing	BA	**4.20**	69.12	-0.71	**-1.02**
Caterpillar	CAT	**5.10**	59.24	-1.12	**-1.86**
Chevron	CVX	**4.80**	73.13	-0.59	**-0.80**
CiscoSys	CSCO	**15.60**	25.98	0.10	**0.39**
CocaCola	KO	**7.90**	53.62	0.27	**0.51**
Disney	DIS	**4.30**	33.59	-0.10	**-0.30**
DuPont	DD	**3.60**	35.28	-0.21	**-0.59**
ExxonMobil	XOM	**10.60**	66.11	-0.69	**-1.04**
GenElec	GE	**76.70**	17.11	0.07	**0.43**
HewlettPk	HPQ	**5.70**	52.10	-0.18	**-0.34**
HomeDpt	HD	**6.70**	32.50	0.04	**0.14**
Intel	INTC	**20.10**	21.15	-0.12	**-0.56**
IBM	IBM	**2.20**	127.56	-0.38	**-0.30**
JPMorgChas	JPM	**15.50**	42.73	-0.42	**-0.97**
JohnsJohns	JNJ	**3.50**	64.27	0.09	**0.14**
KftFoods	KFT	**6.40**	29.49	0.04	**0.14**
McDonalds	MCD	**3.30**	65.80	0.27	**0.42**
Merck	MRK	**7.70**	37.41	0.25	**0.66**
Microsoft	MSFT	**22.30**	29.15	-0.12	**-0.41**
Pfizer	PFE	**19.00**	17.14	0.06	**0.35**
ProctGamb	PG	**3.30**	63.42	0.10	**0.16**
3M	MMM	**1.20**	81.00	-0.38	**-0.47**
TravelersCos	TRV	**2.50**	52.59	-0.57	**-1.07**
UnitedTech	UTX	**3.10**	71.81	0.28	**0.39**
Verizon	VZ	**6.20**	29.79	0.06	**0.20**
WalMart	WMT	**15.90**	55.46	1.56	**2.89**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**411.4**	$3.86	–$0.11	**–2.77%**
BosSci	BSX	**162.8**	6.53	–1.26	**–16.13**
SiriusXM	SIRI	**111.0**	0.91	0.00	**0.24**
GenElec	GE	**77.3**	17.12	0.08	**0.47**
SPDR S&P 500	SPY	**76.0**	114.85	–0.61	**–0.53**
BankAm	BAC	**71.5**	16.71	–0.14	**–0.83**
FordMotor	F	**53.9**	13.46	0.12	**0.90**
SPDR FnclSelSct	XLF	**41.0**	15.40	–0.14	**–0.90**
DrxFinancBear 3x	FAZ	**37.0**	15.15	0.50	**3.41**
PwrShrs QQQ	QQQQ	**34.1**	46.98	–0.38	**–0.80**
iShrRu2000	IWM	**26.7**	67.19	–0.53	**–0.78**
Microsoft	MSFT	**22.3**	29.16	–0.11	**–0.38**
LasVegasSands	LVS	**21.9**	18.41	–1.18	**–6.02**
iShrMSCIEmrgMkt	EEM	**21.7**	40.88	–0.49	**–1.18**
Intel	INTC	**20.0**	21.15	–0.12	**–0.56**

Biggest gainers...

ChrdntSftwr	CHRD	**9,887.2**	$4.97	$1.16	**30.45%**
CNX Gas	CXG	**1,299.4**	30.35	4.12	**15.71**
AmRailcarInd	ARII	**200.5**	11.89	1.60	**15.55**
SMTC	SMTX	**672.8**	2.50	0.30	**13.64**
AmylinPharm	AMLN	**16,959.5**	22.91	2.65	**13.08**

...Biggest losers

GramrcyCap	GKK	**2,275.4**	$3.02	-$1.18	**-28.10%**
GramrcyCap pfA	GKKA	**120.5**	13.08	-3.02	**-18.76**
BosSci	BSX	**162,847.9**	6.53	-1.26	**-16.13**
SterlingCnstr	STRL	**700.5**	17.75	-3.40	**-16.08**
GrayTlvsn	GTN	**745.0**	2.16	-0.37	**-14.55**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.04	**Taiwan Semi**	TSM	**5,739.5**	$10.11	-0.22	**-2.13%**
4.24	2.00	**Utd Microelectronics**	UMC	**3,389.0**	3.56	-0.07	**-1.90**
82.74	38.73	**BHP Billiton**	BHP	**1,437.5**	77.35	-1.10	**-1.40**
8.19	5.18	**Siliconware Prec Ind**	SPIL	**1,293.8**	5.89	-0.15	**-2.48**
6.84	3.94	**Mitsu UFJ Fnl**	MTU	**1,169.0**	5.18	-0.03	**-0.58**
13.30	6.98	**AU Optrncs**	AUO	**1,013.5**	10.91	-0.12	**-1.09**
60.08	24.30	**Infosys Tech**	INFY	**926.6**	59.29	0.17	**0.29**
15.95	9.58	**China Unicom**	CHU	**600.2**	12.01	-0.16	**-1.31**
59.22	40.20	**China Mobile**	CHL	**543.2**	48.50	-0.01	**-0.02**
91.97	57.80	**Toyota Motor**	TM	**526.1**	77.41	0.42	**0.55**
18.64	13.81	**SK Telecom**	SKM	**503.4**	17.48	-0.30	**-1.69**
5.23	2.14	**Adv Semi Engrg**	ASX	**293.9**	4.18	-0.10	**-2.34**
17.19	10.60	**Matsushita Elec**	PC	**249.7**	14.61	-0.32	**-2.14**
21.22	16.87	**ChunghwaTel**	CHT	**242.0**	19.05	-0.17	**-0.88**
34.27	12.40	**Aluminum Cp of China**	ACH	**230.9**	25.36	-0.64	**-2.46**
9.50	4.53	**Nomura Hldgs**	NMR	**226.2**	7.57	0.12	**1.61**
45.95	23.29	**Canon**	CAJ	**216.6**	45.75	0.90	**2.01**
9.82	5.91	**Telecom Corp of NZ**	NZT	**204.0**	7.83	-0.07	**-0.85**
18.20	8.73	**Korea Elec Pwr**	KEP	**202.9**	16.62	-0.33	**-1.95**
81.00	43.18	**China Life Ins**	LFC	**199.1**	69.64	-0.81	**-1.15**
38.19	17.76	**Sony**	SNE	**189.4**	37.33	-0.01	**-0.03**
135.92	69.89	**PetroChina**	PTR	**182.7**	116.71	-2.16	**-1.82**
150.50	57.17	**POSCO**	PKX	**142.9**	121.02	-2.20	**-1.79**
7.74	2.00	**Alumina**	AWC	**138.8**	5.95	-0.15	**-2.46**
25.65	5.96	**Yanzhou Coal Mining**	YZC	**137.8**	21.93	-0.47	**-2.08**
14.09	2.00	**City Telecom**	CTEL	**130.9**	11.21	-0.69	**-5.80**
171.59	87.70	**CNOOC**	CEO	**99.8**	163.79	-1.41	**-0.85**
34.43	21.60	**Huaneng Power Intl**	HNP	**99.6**	23.97	-0.20	**-0.83**
21.78	12.81	**KT Corp**	KT	**96.6**	20.35	-0.34	**-1.64**
5.38	1.63	**SemiMfgInt**	SMI	**81.3**	5.03	-0.15	**-2.90**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

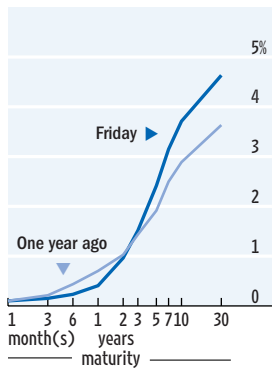
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.895%**	**393.5**	391.1	379.3	**184.4**	**4.875%**	4.627%	**2.812%**
4.500	10	**5.680**	**195.3**	197.6	188.2	**158.3**	**5.680**	5.579	**4.479**
5.000	**Austria** 2	**1.286**	**32.6**	37.3	62.2	**29.6**	**1.337**	1.456	**1.264**
3.900	10	**3.540**	**-18.7**	-14.8	-6.4	**131.3**	**3.556**	3.633	**4.209**
2.000	**Belgium** 2	**1.147**	**18.7**	19.9	46.8	**24.8**	**1.163**	1.302	**1.216**
3.750	10	**3.658**	**-6.9**	-2.0	2.6	**117.0**	**3.684**	3.723	**4.066**
1.500	**Canada** 2	**1.572**	**61.2**	62.4	35.4	**0.2**	**1.588**	1.188	**0.970**
3.750	10	**3.517**	**-21.0**	-15.3	-23.8	**-2.3**	**3.551**	3.459	**2.873**
4.000	**Denmark** 2	**1.708**	**74.8**	76.3	95.8	**115.3**	**1.727**	1.792	**2.121**
4.000	10	**3.469**	**-25.8**	-25.6	-19.2	**59.7**	**3.448**	3.505	**3.493**
3.750	**France** 2	**0.996**	**3.6**	9.2	27.7	**54.9**	**1.056**	1.111	**1.517**
3.500	10	**3.460**	**-26.7**	-23.1	-18.7	**74.9**	**3.473**	3.510	**3.645**
1.250	**Germany** 2	**0.925**	**-3.5**	-0.1	16.5	**38.5**	**0.963**	0.999	**1.353**
3.250	10	**3.156**	**-57.1**	-53.3	-49.9	**18.5**	**3.171**	3.198	**3.081**
0.640	**Hong Kong** 2	**0.767**	**-19.3**	-19.2	-13.2	**-11.5**	**0.772**	0.702	**0.853**
2.160	10	**2.794**	**-93.3**	-77.7	-68.2	**-90.1**	**2.927**	3.015	**1.995**
5.000	**Italy** 2	**1.437**	**47.7**	49.3	73.2	**114.7**	**1.457**	1.566	**2.115**
4.250	10	**3.948**	**22.1**	24.8	37.9	**161.6**	**3.952**	4.076	**4.512**
0.200	**Japan** 2	**0.142**	**-81.8**	-81.4	-66.9	**-55.8**	**0.150**	0.165	**0.410**
1.400	10	**1.350**	**-237.7**	-235.4	-236.4	**-158.0**	**1.350**	1.333	**1.316**
2.500	**Netherlands** 2	**0.948**	**-1.2**	3.3	24.5	**67.0**	**0.997**	1.079	**1.638**
3.500	10	**3.415**	**-31.2**	-26.9	-19.7	**89.2**	**3.435**	3.500	**3.788**
5.000	**Portugal** 2	**1.882**	**92.2**	86.9	75.3	**142.2**	**1.833**	1.587	**2.390**
4.800	10	**4.277**	**55.0**	49.5	78.0	**180.7**	**4.199**	4.477	**4.703**
5.350	**Spain** 2	**1.220**	**26.0**	24.8	62.7	**100.8**	**1.212**	1.461	**1.976**
4.000	10	**3.874**	**14.7**	15.7	30.9	**119.7**	**3.861**	4.006	**4.093**
2.750	**Switzerland** 2	**0.487**	**-47.3**	-47.4	-34.2	**-48.8**	**0.490**	0.492	**0.480**
2.250	10	**1.931**	**-179.6**	-176.8	-171.4	**-72.0**	**1.936**	1.983	**2.176**
3.250	**U.K.** 2	**1.059**	**9.9**	8.4	33.0	**41.4**	**1.048**	1.164	**1.382**
3.750	10	**4.059**	**33.2**	39.0	34.3	**4.7**	**4.094**	4.040	**2.943**
0.875	**U.S.** 2	**0.960**	**...**	...	...	**...**	**0.964**	0.834	**0.968**
3.625	10	**3.727**	**...**	...	...	**...**	**3.704**	3.697	**2.896**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.633%**	16.06	–1.46 %	0.88 %	0.88 %	–11.60 %
10-year Treasury	**3.710**	8.25	–0.83	1.81	1.81	–3.16
7 Year Treasury	**3.148**	6.23	–0.59	2.37	2.37	1.01
Five-year Treasury	**2.415**	4.66	–0.53	1.84	1.84	1.72
Ryan Index	**2.731**	6.68	–0.68	1.48	1.48	–1.08
3 Year Treasury	**1.514**	2.93	–0.36	1.19	1.19	3.04
Two-year Treasury	**0.963**	1.95	–0.28	0.70	0.70	2.18
1 Year Treasury	**0.407**	0.99	–0.06	0.18	0.18	1.26
Six-month Treasury	**0.233**	0.50	–0.01	0.04	0.04	0.56
Ryan Cash Index-a	**0.223**	0.45	–0.02	0.06	0.06	0.56
Three-month bill	**0.152**	0.25	...	0.01	0.01	0.30
One-month bill	**0.101**	0.07	...	0.01	0.01	0.11

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.25
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.00
Switzerland	**0.52**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23031%**	0.55563%
Three month	**0.25763**	1.30875
Six month	**0.40063**	1.88750
One year	**0.86719**	2.20500

	Latest	52 wks ago
Euro Libor		
One month	**0.37750%**	1.22500%
Three month	**0.59500**	1.62500
Six month	**0.90750**	1.78313
One year	**1.20125**	1.92625
Hibor		
One month	**0.07821**	0.30071%
Three month	**0.13000**	0.89740
Six month	**0.24000**	1.20071
One year	**0.55000**	1.62071
Asian dollars		
One month	**0.2370%**	0.57%
Three month	**0.2586**	1.3163
Six month	**0.3960**	1.9025
One year	**0.8680**	2.1975

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.21
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.30%**	0.28%
U.K. (BBA)	**0.520**	0.597
Euro zone	**0.29**	0.88

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Monday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**

Also, receive emails that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/Email.**

Asian index movers...

Nikkei Stock Average

Japan 10751.98

▲ **0.01% or 0.72**

Weakness in the yen helped exporters' shares, letting the index rise despite uncertainty over the outlook for monetary policy both in Japan and the U.S.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**153.96**	189	unch	...
Toshiba	**82.62**	432	–8	–1.82
Mtshbsh Fin Grp	**74.40**	470	3	0.64
Fuji Elec	**49.24**	258	21	8.86
Clarion	**41.86**	195	11	5.98

CBN 600

China 26435.97

▼ **1.38% or 371.20**

News of a bigger-than-expected increase in Chinese consumer prices led to concern that China may take further steps to tighten monetary policy.

Stock	Volume in millions	Close	Change Net	Change %
China State Con	**74.07**	4.22	–0.02	–0.47
HaikouAgriIndustry	**70.08**	10.12	0.11	1.10
FujianExpresswyDev	**69.23**	7.93	0.13	1.67
JiangsuSunshine	**68.78**	6.84	–0.22	–3.12
ChinaMinshengBkg	**68.35**	7.25	–0.14	–1.89

Kospi

South Korea 1649.50

▼ **0.80% or 13.24**

Fear that China will raise banks' reserve requirements, slowing its economy and reducing demand for risky assets in emerging markets, pulled the index lower.

Stock	Volume in millions	Close	Change Net	Change %
Samyang Optics	**60.72**	1,990	–135	–6.35
Taechang	**14.40**	305	–5	–1.61
Woongjin Chem	**11.02**	1,130	–10	–0.88
Hansol Homedeco	**8.21**	2,015	–105	–4.95
S&T Motors	**6.62**	900	–95	–9.55

ASX 200

Australia 4784.09

▼ **0.71% or 34.04**

Resources stocks fell as investors worried that China's efforts to cool its economic growth will reduce demand. Bank stocks were weaker as well.

Stock	Volume in millions	Close	Change Net	Change %
Boart Longyear	**60.10**	0.32	0.01	1.59
Goodman Grp-Stpl	**56.80**	0.62	unch	...
Telstra	**41.90**	3.04	–0.02	–0.65
GPT Group	**41.44**	0.56	–0.01	–1.75
Lihir Gold	**25.17**	2.97	–0.04	–1.33

Asian stocks in the news

Mitsui O.S.K. Lines

Japan ¥630

▲ **2.1% or ¥13**

Like Nippon Yuren, the firm gained from higher ocean-freight rates.

Price-to-earnings ratio	**154**
Earnings per share, past four quarters	**4.10**
Dividend yield	**0.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.3%**	0.7%	75.4%
Mitsui O.S.K. Lines	**2.1%**	2.3%	29.9%

中国实时报
CHINAREALTIMEREPORT
Your comprehensive resource for news and analysis on China, covering the hottest topics of the day in business, finance, law, policy, economics and culture.
In English at asia.WSJ.com/chinarealtime
In Chinese at cn.WSJ.com/chinarealtime
Join the conversation today.

Nippon Yusen K.K.

Japan ¥354

▲ **2.6% or ¥9**

A rise in shipping rates for dry commodities aided the transportation firm's stock.

Price-to-earnings ratio	**None**
Earnings per share, past four quarters	**-17.10**
Dividend yield	**1.1**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.3%**	0.7%	75.4%
Nippon Yusen K.K.	**2.6%**	2.0%	-7.3%

IOI

Malaysia 5.4 ringgit

▼ **2.4% or 0.1 ringgit**

Weakness in palm-oil futures weighed on the shares.

Price-to-earnings ratio	**22**
Earnings per share, past four quarters	**0.24**
Dividend yield	**2.2**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage	**-0.6%**	-0.1%	62.4%
IOI	**-2.4%**	-1.3%	48.2%

Hon Hai Precision Ind

Taiwan TW$134.00

▼ **2.5% or TW$3.50**

Cautious comments on the global economic outlook from China's premier hurt Taiwanese exporters.

Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**6.65**
Dividend yield	**0.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.3%**	0.7%	75.4%
Hon Hai Precision Ind	**-2.5%**	-2.5%	116.1%

Fortescue Metals Grp

Australia A$4.79

▼ **3.0% or A$0.15**

Concern that China's expected monetary tightening will reduce demand hit commodity producers.

Price-to-earnings ratio	**None**
Earnings per share, past four quarters	**-0.16**
Dividend yield	**None**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-0.9%**	-1.5%	97.9%
Fortescue Metals Grp	**-3.0%**	-1.6%	107.4%

China Shenhua Energy

Hong Kong HK$33.35

▼ **3.9% or HK$1.35**

The company reported weaker-than-expected full-year results.

Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**1.64**
Dividend yield	**1.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-0.9%**	-1.5%	97.9%
China Shenhua Energy	**-3.9%**	-4.9%	106.1%

China Coal Energy

Hong Kong HK$11.94

▼ **4.3% or HK$0.54**

Ample supplies of coal and falling prices hit the stock.

Price-to-earnings ratio	**19**
Earnings per share, past four quarters	**0.62**
Dividend yield	**1.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-0.9%**	-1.5%	97.9%
China Coal Energy	**-4.3%**	-7.7%	122.8%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Essar tries to strike right balance abroad

Looking for new investors and hoping to tap a larger pool of capital, India's **Essar Group** is venturing abroad. It is doing so with some heavy baggage. The conglomerate could raise as much as $3 billion by listing its power and oil businesses on the London Stock Exchange.

The offering, according to a person familiar with the matter, would consist of about a quarter of the assets of a new holding company: a combination of the conglomerate's power plants, oil exploration and production platforms and Mumbai-listed refining business, Essar Oil.

On their own, some of these assets would prove a tough sell. Essar Oil and Essar Power both come loaded down with debt. Net debt at the oil refiner is expected by Edelweiss Securities to rise 53% in the year through March, to $3.3 billion. That is a heady 7.3 times forecast earnings before interest, depreciation and taxes.

Essar Power's $278 million debt at March 2007, the last time the unlisted company made financial statements available, stood at 4.4 times Ebitda. Dealogic says the power company has since borrowed at least $1 billion more via syndicated loans.

The company, meanwhile, plans a nearly ninefold expansion in output by 2013, at a cost of $4.5 billion. The refinery is working on its own expansion, to more than double its capacity, at a remaining cost of $4 billion. But Essar Oil's track record on project delivery isn't great. The oil refinery began production nine years behind schedule and a second phase of the capacity expansion was delayed by 15 months.

The best way to persuade investors they aren't just buying into a debt-ridden company is to add other assets to the mix. Likely are some of the company's exploration-and-production platforms in Nigeria, Madagascar, Vietnam and India.

Getting the balance right is critical. So is Essar's plan for the proceeds. Essar could use the funds to pay down debt, but that won't appeal to investors eager to back the company's ambitious growth plans. Ditto a move by the controlling Ruia family to cash out part of its stake.

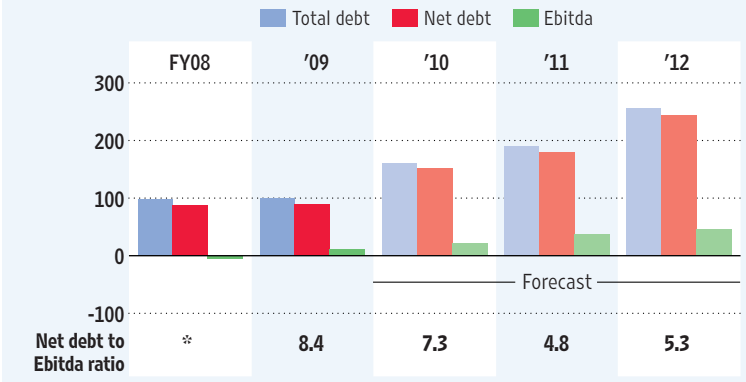
Undoubtedly, the promise of access to India's rising oil demand, which OPEC estimates will rise 4.5% in 2010 from last year, will feature big in any pitch to European investors.

That is one thing, at least, investors can find appealing.

—Harsh Joshi

Debt weight

Essar Oil's debt and Ebitda figures, in billions of rupees

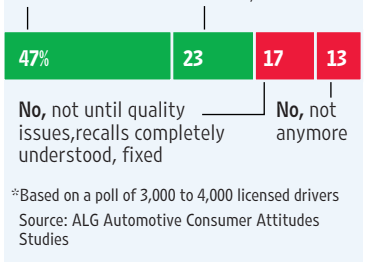


*In fiscal year 2008, the company had a net loss of 412 million rupees.
Note: Fiscal years ending March 31
Sources: the company, Edelweiss Securities (forecast)

Toyota's recovery road is less bumpy than expected

Second thoughts?

In light of recent problems, are consumers who were considering buying a Toyota before the recalls still thinking of purchasing a Toyota as their next car?


Yes, recent quality issues, recalls not changing consideration
Yes, but less so than before because of quality issues, recalls
47%
23
17
13
No, not until quality issues,recalls completely understood, fixed
No, not anymore

*Based on a poll of 3,000 to 4,000 licensed drivers
Source: ALG Automotive Consumer Attitudes Studies

There is some good news for **Toyota Motor**.

A survey released on Monday shows that the brand is holding up to its recent recall-related battering better than initially feared. A survey of U.S. consumers by the Automotive Lease Guide has 67% of respondents saying that they weren't affected by the recall or that they had a positive view of the company's response.

Critically for the auto maker's bottom line in the years ahead, this means that the value of used Toyotas isn't likely to take as big a hit as once thought possible. ALG says that a Toyota leased today will lose 0.9 percentage point more off its residual value than it would have before the recalls began. Earlier this year, ALG warned the drop could be as high as five percentage points.

A bigger drop might have had Toyota writing down the book value of the Camrys and Corollas it had leased out—valued at $17 billion in the U.S. as of Dec. 31. Plus, vehicles that can't hold their value in the used-car market are less attractive to new car buyers.

Some of this comes down to the cushioning provided by the trust Toyota has built up with drivers over the past several decades. Other expectations—including over the potential plunge in U.S. sales—also have proven too pessimistic.

After several major, early missteps, Toyota is pulling out all the stops to gain, and retain, customers with incentives. This month, after ALG began the survey, the company raised marketing to an unprecedented level with five-year, zero-percent loans, lower-price leases and two years of free maintenance for customers who already own its vehicles.

After several major, early missteps, Toyota is pulling out all the stops to gain, and retain, customers

Still, it is early. The survey also reveals that Toyota has lost its No. 1 perch when it comes to perception of quality. This is one case where the brand has done as poorly as initially expected: Among mainstream brands, like **Nissan Motor** and **Honda Motor**, Toyota is now ranked sixth.

And, of course, its problems aren't over. Government investigations, lawsuits, late-night comedians and a media frenzy all will complicate Toyota's recovery efforts.

Even the incentives can hurt both the value of used cars and the brand image over time. These are emergency measures for now, but once started, it is hard to wean customers off them. ALG says if the incentives continue in their current form for six months to a year or more, residual values could drop by 2.5 percentage points.

Toyota appears to be starting to put the brakes on its recall problem. But it still faces a long road to get back to where it was just a few months ago.

—James Simms

HEARD ON THE STREET

Smart. Relevant. To the point.

NEW must-read email newsletter from Heard on the Street

With a broad mix of agenda-setting analysis and commentary, Heard on the Street takes a critical, sharp-eyed look at the companies, stocks and topics that are getting the professionals talking.

Register today for the twice-daily email newsletter at asia.WSJ.com/Heard

THE WALL STREET JOURNAL.

Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited. 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo. 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no: SeoulKA00020 (Daily Newspaper), Publisher/Editor/Printer: Song Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No. 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 3817 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (KM. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd., 51/B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT NoEL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-11-6462 0215. ACP no. F2 (T/3) Press / 2009 FACSIMILE EDITION.